FEDERAL AVIATION ADMINISTRATION [FAA] ORGANIZATION, STRUCTURE, MANAGEMENT, AND EFFECTIVENESS

(101-7)

HEARINGS

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION HOUSE OF REPRESENTATIVES

ONE HUNDRED FIRST CONGRESS

FIRST SESSION

MAY 9, 11, 1989

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SUBCOMMITTEE ON AVIATION

HEARINGS ON

THE FEDERAL AVIATION ADMINISTRATION'S ORGANIZATION, STRUCTURE, MANAGEMENT AND EFFECTIVENESS

MAY 9 AND MAY 11, 1989

SUMMARY OF SUBJECT MATTER

Since the beginning of the 100th Congress, there has been considerable interest in Congress and the aviation community in whether there is a need for legislation or administrative action to enable the Federal Aviation Administration to function more effectively. FAA reform bills have been introduced in the House by Chairman Oberstar, Congressman Mollinari, and Congressman Lewis of Florida and in the Senate, by Senator Ford, Chairman of the Senate Aviation Subcommittee.

The May 9 and 11 hearings of the Aviation Subcommittee are designed to give the Subcommittee a current view of how FAA is functioning, particularly in areas in which concerns have been raised. It is anticipated that in June there will be additional hearings to consider legislative proposals to improve the effectiveness of the FAA.

The areas in which concerns have been raised about the FAA include the following.

(1) Personnel. Many observers believe that Civil Service compensation rules limit FAA's effectiveness by preventing FAA from offering sufficient financial incentives to induce employees, particularly controllers, to transfer to high cost-of-living areas. These areas include major cities in which there is serious air space congestion. Another problem which has been raised is that FAA may be unable to offer sufficiently high salaries to compete with private industry for scientific and engineering personnel.

(2) Procurement. The concern is that the government-wide procurement procedures, with which FAA must comply, may be unnecessarily complex and time-consuming and may needlessly delay the procurement of needed equipment.

(3) Decentralization. It has been contended that FAA gives too much authority to its regional offices which leads to undesirable variations in the interpretation of rules and procedures from region to region.

(4) Lack of Reliable Funding. As a result of the budget and appropriations processes, FAA frequently receives less than the authorized funding levels for research and development and the

purchase of capital equipment. This has resulted in delays in FAA's program to modernize the air traffic control (the National Airspace System Plan or NAS Plan). The deficiencies in funding occur even though the funding comes from the Airport and Airway Trust Fund which is supported by user taxes which produce more than enough revenues to fund the programs. As a result of the failure to fund Trust Fund programs, there is now an unobligated surplus of $5.8 billion in the Fund.

(5) Supervision of the FAA by the Department of Transportation. Many observers believe that the requirement that the FAA coordinate safety rulemaking with the Department of Transportation has led to extensive and unnecessary delays in the issuance of needed safety rules. It has also been contended that the DOT's supervision of the FAA in such areas as hiring high ranking officials, press relations, and executive travel has produce delays and inefficiencies, damaged FAA morale, and made it difficult for the FAA to attract the most highly qualified executive talent. On the other hand, some have found benefits from the DOT's supervision of the FAA. It has been suggested that the Department has a wider focus than the FAA and that this may lead the Department to see the need for safety regulation when the FAA does not. It has also been suggested that DOT, as a Cabinet-level department, is in a better position than an independent agency to get funding.

(6) Conflicting Objectives. The Federal Aviation Act directs FAA to promote, encourage and develop civil aeronautics as well as to protect safety. Some observers see a conflict between these two responsibilities and believe that the conflict may lead to less effective safety regulation. Similarly, there have been claims that FAA's role as both an operational agency (operating the air traffic control system) and a safety regulatory agency may lead to conflicts which diminish safety.

(7) Turnover of FAA Leadership. Concerns have been expressed that the FAA leadership, particulary the Administrator, changes too frequently. The average tenure of FAA Administrators has been less than 3 years and during the 8 year Reagan Administration there were 3 Administrators. Legislative proposals to encourage more stable leadership include establishing a fixed term in office for the Administrator.

Recent Changes in the FAA.

In response to the concerns which have been raised. FAA has made a number of administrative changes over the past year.

(1) Changes in Organizational Structure. In 1988, FAA made major changes in the organization of its headquarters and in the

relationships between its regional offices and FAA headquarters. Before the change, the regional program divisions such as aircraft certification and flight standards, were supervised by the regional director. The reorganization provides that the regional program divisions (aircraft certification, flight standards, aviation medicine, airway facilities, air traffic, airports, and civil aviation security) will report to the counterpart organization in FAA's Washington Headquarters. In addition, the assistant chief counsel in each region now reports to the chief counsel in Washington as opposed to the Regional Director. To emphasize these changes, the FAA redesignated the Regional Directors as "Regional Administrators".

FAA has also made major changes in the organization within headquarters. In the prior organization a relatively large number of associate administrators reporting to the FAA Administrator. The reorganization established a group of four executive directors (Policy Plans and Research Management; Regulatory Standards and Compliance; System Development and System Operations) who report to the Administrator. The Associate Administrators now report to the Executive Directors.

(2) Changes in Pay of Personnel. The FAA pays its employees according to the general schedule of the Federal Government. It is widely believed that this has hindered the agency's flexibility to

manage and utilize its personnel effectively.

(a) Basic Pay Reform. Last year the agency formed an Air Traffic Pay Study Group, and that Group is charged with developing a new system for the pay of controllers. In identifying the problem of applying the General Schedule to the air traffic control work force, the group's July 1988 Concept Paper stated:

> "The study team's review of problems associated with the existing compensation system revealed that among the more significant and widely perceived problems are: difficulties in attracting and retaining well-qualified individuals at certain facilities; a lack of incentives for employees to move into staff, supervisory, and management positions; grade/pay compression among supervisory positions; the perception of inequity between employees' work and their compensation; and an overall lack of flexibility which serves to inhibit the FAA and its managers from effectively managing their programs."

In its July 1988 report the pay study group recommended a new type of FAA pay system, outside of the General Schedule. Later this Spring, the FAA is expected is submit a legislative package.

Both the present system and the system proposed by the Study Group are complex, but the proposed system is aimed at making the pay system more rational and better suited to the broader, system-wide relationship between staffing needs and pay.

The proposed system would establish a base pay for controllers

based on experience level and the volume and complexity of traffic which he/she works. This theoretically is the basis of the current system, but the present classification scheme is relatively crude and in need of further differentiation. The current pay system produces inequities between and within facilities and creates significant difficulties in managing personnel resources.

Under the current system, situations arise in which controllers who handle less traffic get paid the same, or sometimes even more, than someone handling much greater volumes of traffic. Under the current system, all fully qualified controllers at a facility generally are paid at the same GS-level. The proposed pay system would be structured so the the level of pay was much more closely tied to the level of responsibility and fully qualified controllers at a facility might receive different pay, depending on their workload.

The proposed pay system would also incorporate differentials based on local economic conditions (i.e. high cost-of-living). Also proposed would be a differential for perrenially hard-to-staff facilities. There is no consideration given to these factors under the General Schedule.

The proposed pay system would also similarly rationalize the pay of supervisors and managers, and make some modifications in

overtime, holiday and other premium pay.

The FAA intends to apply this same approach to other workforces such as inspectors later.

(b) Interim Reform. To address the current acute problems that certain facilities are understaffed, the Department of Transportation and the Office of Personnel Management have proposed a Pay Demonstration Project. Under this project the workforce at eleven facilities in New York, Chicago, Los Angeles and Oakland would receive a 20% pay differential to see if a substantial monetary incentive can induce experienced controllers to move to these facilities which have been chronically difficult-to-staff and are in high cost-of-living areas. The FAA has requested a FY 1989 Supplemental Appropriations of $7 million to begin this project later this Spring, and $20 million in FY 1990 to continue it.

In the Supplemental Appropriations bill which failed to pass the House recently, the Appropriations Committee recommended only a $2 million appropriation; limiting the program to Chicago and the pay differential to 10%.

(c) Other Basic Problems. Beyond the problems posed by the structure of the general schedule in the pay of certain FAA employees, the FAA suffers the problem endemic to many government

agencies - that is lack of pay comparability to the private sector in such professions as engineering, science, research, and technical program management.

(3) Recruitment and Training of FAA Employees. Numerous studies and reports (both internal and external to the FAA) have indicated that major improvements are required in the recruitment and training of FAA employees in certain specialized professions (controllers, inspectors, and maintenance technicians).

Last July, the FAA announced a number of major initiatives on recruitment and training of FAA personnel. Among these initiatives were:

- Establishment of new Office of Training to coordinate and implement training initiatives.
- Establishment of a nationally focused and funded recruitment program.
- Separation of the screening and training function for air traffic controllers, so that "wash-outs" occur early rather late after expenditure of training resources.
- Overhaul of all training curriculum and off-loading of

training from operations whenever possible.

- Establishment of relationships with the academic community for recruitment and training.

The FAA Training Task Force in announcing the training initiatives articulated a "new philosophy with respect to training:

> "It is vital that we consider the priority of training to be second only to safety. In resolving the continual conflict between training and operational needs, training must take precedence. Training must be provided with the appropriate investment in human resources, facilities, and equipment. Training cannot be the function that absorbs budget reductions and other fiscal constraints."

(4) Procurement. The FAA is a major procurer of high technology aimed mostly at replacing the aged air traffic control, communications, and navigation systems. The overall National Airspace System Plan is actually approximately 90 interrelated projects encompassing new computers, new radars, new telecommunications equipment, and weather systems. The current Plan is expected to cost approximately $16 billion, but additional capital development, as yet unidentified costs, and add-ons to the Plan are

expected to add another $10 billion by the year 2,000.

The FAA's procurement process has been the subject of many of the same criticisms as other government agencies involved in the acquisition of high technology equipment. These criticisms pull in different directions and are sometimes in conflict.

The FAA procurement process has been faulted for being too slow, too cumbersome, and too fraught with paperwork and red tape. The result is sometimes that the technology bought is out-of-date by the time it arrives. There is a sense among some critics that if the FAA could buy technology the way the private sector does, without all the government and bureaucratic steps and procedures, technology could be brought on line more quickly and effectively. However, much of the bureaucratic process that surrounds the procurement of technology is aimed at fostering competition among potential developers and sellers of technology. It is generally believed that competition in the procurement process provides better technology at a lower price. But it also takes longer because the selection of one company over others must be rigorously justified.

The FAA has also been criticized for moving ahead with procurement too rapidly. The GAO has faulted FAA for not doing enough to test the technology it is buying before it is bought. The General Accounting Office believes the FAA in too many of its

programs is developing and acquiring systems simultaneously thereby increasing the risk that when the two processes come to an end the agency will have bought something that does not meet its requirements or does not work as expected. To incorporate more testing, the process would necessarily be lengthened. The FAA has modified its approach in a number of major system acquisitions to incorporate more testing.

Last April the Secretary's Task Force on Internal Reforms at the FAA recommended the following:

- Increases in procurement staffing to respond to proposals and bids on a more timely basis.

- Develop modifications to OMB Circular A-109 which describes how planning competition and testing will be encouraged in the procurement process.

- Identify a senior procurement official to control and coordinate procurement for each NAS Plan Program office, thereby improving the flow of information and result in faster, more responsive procurement. Prior to this authority was diffused.

FEDERAL AVIATION ADMINISTRATION ORGANIZATION, STRUCTURE, MANAGEMENT, AND EFFECTIVENESS

TUESDAY, MAY 9, 1989

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AVIATION,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The subcommittee met, pursuant to notice at 10:50 a.m., in room 2167, Rayburn House Office Building, Hon. James L. Oberstar (chairman of the subcommittee) presiding.

Mr. OBERSTAR. The Subcommittee on Aviation will come to order. Today we begin hearings on the Federal Aviation Administration's organization, structure, management, and effectiveness.

The FAA is a unique agency in the Federal structure. It has the enormous and complex task of regulating the safety of one of the most important sectors of our national economy.

The FAA employs tens of thousands of people to operate the Nation's air traffic control system around the clock, and it manages a $7.6 billion budget.

Overall, the agency has performed its work remarkably well. But the agency can be faulted is in its responses and its adaptation to new situations and new environment.

We have to recognize that there is a certain amount of internal lethargy in the bureaucracy to change and to accommodating to change, but with respect to the FAA we also have to recognize that a great deal of the problems of that agency have been external to it. Lack of adequate funds to carry out the mission effectively is clearly a major problem.

The FAA also has had serious problems in its relationships with the Office of the Secretary of Transportation. There have been allegations that the Office of the Secretary has engaged in what is now called micro-management, a sort of unnecessary at times second guessing, meddling in safety matters for political and public relations purposes.

We want to take a look at those questions and those allegations and we want to look at possible remedies as well.

There also are the often-cited problems of pay and management of FAA personnel and how this agency goes about buying its facilities and equipment.

The FAA has been a far flung agency with authority vested at many different levels, a very largely diffuse and decentralized entity.

The question of whether the agency is too decentralized has been raised repeatedly. The FAA in my opinion, in my experience over the last 15 years as a member of Congress, has lacked long term leadership, has suffered from changes at the top every 2 or 3 years.

This is an agency that needs stability. It needs continuity of program planning. It needs continuity of direction and it has not had much of that regardless which party was in power.

We will hold 2 days of hearings this week to review what has transpired over the past year with respect to organization and management of the FAA since the changes initiated by Administrator McArtor.

Next month we will resume this process with hearings on specific legislation to modify the structure and organization and the way in which the FAA conducts its business, and its role within the Department of Transportation.

At that time we will hear from the Department of Transportation about recommendations for further changes that will be developed by a task force Secretary Skinner has appointed.

The FAA has taken a number of initiatives in the past year, and the most significant of which is the centralization of policy-making authority in the Washington Headquarters and diminishing the role of the regional offices in policy making.

We want to learn whether this centralization is one on paper or whether it has occurred in practice.

The FAA has reorganized its headquarters offices by establishing four new executive directors within the organization. We need to know what impact that change has had on the agency's operation and effectiveness.

The FAA has also taken a number of initiatives in the area of pay, particularly pay for the air traffic control work force.

In the past 4 years as Chairman of the Subcommittee on Investigations and Oversight, I have been particularly critical of the lack of flexibility to move personnel to the right places where they are needed at the right time, to move the most capable and qualified people to the toughest and most demanding positions. Pay has been one of those obstacles to flexibility and to movement of personnel.

FAA has also announced major changes in how it will improve the training of its employees and how it will procure capital equipment for the air traffic control system; again, an area that over the past 4 years we have looked at and found problems and been not only critical, but I think constructively critical in looking for ways to improve the effectiveness in the smooth operation of the FAA in its capital procurement program. We want to learn the extent to which such initiatives have been moved into concrete results.

Finally, I want to point out what I see as a very significant problem at the FAA, one which I hope can be resolved rather quickly.

A professional, dedicated, very competent work force 43,000-strong, with a high degree of morale, no longer have a long term leader. We have been without an Administrator since February and it appears that it is going to be summer before the Administrator designate, Admiral Bussey, is going to be in place. And it is just a great puzzlement to me as to how this could happen.

It has certainly had its effect on the internal morale of this agency and one that I think is a very serious concern.

We have a number of witnesses today. They have a great deal to offer to us, a great deal of wisdom, from past Administrators to people who are currently within the agency.

We look forward to this testimony and to some very thoughtful discussion about this premier agency, the finest of its kind, anywhere, any country in the world.

The Chair recognizes the gentleman from Pennsylvania, Mr. Clinger.

Mr. CLINGER. Mr. Chairman, I ask unanimous consent that my opening statement be submitted for the record and I yield my time to the ranking member of the full Committee, Mr. Hammerschmidt.

Mr. OBERSTAR. The gentleman from Arkansas is recognized. We are happy to have him with us. He has shown a tremendous interest in aviation and has been very diligent in attending hearing and participating in our hearing.

Mr. HAMMERSCHMIDT. Thank you very much, Mr. Chairman.

As we all know, in the last few years there has been an explosive growth in air travel, and, of course, this has led to increased concern about the ability of the Federal Aviation Administration to cope with it.

However, worries about the Government's ability to safely regulate air travel is nothing new. In 1958, these sort of concerns led to the creation of the FAA. In 1966, the FAA was made a part of Department of Transportation.

Now there is talk of taking FAA out of DOT and making it independent again.

As I see it, the purpose of this hearing is not to decide whether or not the FAA should be independent. Discussions about that and similar solutions to FAA should wait until we have a better idea of what those problems are. It must also await further review by Secretary Skinner.

He should have a chance to become familiar with the situation before the Subcommittee proceeds too far on this issue.

In my view, our goal today and Thursday should be to get a better understanding of the current FAA structure and of some of the problems they are facing, and only with that understanding can we proceed to intelligently consider solutions like FAA independence probably during further hearings in June.

It appears that we have assembled a very fine panel of experts who should help shed some light on the many complex issues involved in this hearing.

So I look forward to their testimony and would like to welcome them here today, and I notice our first witness is probably as knowledgeable on this subject as anybody we could have, and I am delighted he is with us.

Thank you, Mr. Chairman.

Mr. OBERSTAR. Are there other members who have opening statements?

If not, we will begin with the Honorable Najeeb Halaby, a man whose name has been synonymous with aviation in both the private sector and the public sector.

And we welcome your participation here this morning and look forward to your wisdom, your insight, and your guidance as we begin this journey of inquiry into the FAA.

TESTIMONY OF NAJEEB E. HALABY, ON BEHALF OF AEROSPACE INDUSTRIES ASSOCIATION; AIRCRAFT OWNERS & PILOTS ASSOCIATION; AIRLINE PILOTS ASSOCIATION; AIRPORT OPERATORS COUNCIL INTERNATIONAL; AIR TRAFFIC CONTROL ASSOCIATION; AIR TRANSPORT ASSOCIATION; ALLIED PILOTS ASSOCIATION, AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES; EXPERIMENTAL AIRCRAFT ASSOCIATION; GENERAL AVIATION MANUFACTURERS ASSOCIATION; HELICOPTER ASSOCIATION INTERNATIONAL; NATIONAL ASSOCIATION OF STATE AVIATION OFFICIALS; NATIONAL AERONAUTICS ASSOCIATION; NATIONAL AIR TRANSPORTATION ASSOCIATION; NATIONAL ASSOCIATION OF FLIGHT INSTRUCTORS; NATIONAL BUSINESS AIRCRAFT ASSOCIATION; AND REGIONAL AIRLINE ASSOCIATION

Mr. HALABY. Thank you, Mr. Chairman. Wisdom I hope from a lot of words. I would like to submit for the record a prepared statement, one prepared with the participation of 17 organizations, which I will name in a moment.

And if I may put that in the record, I would like to try to hit some highlights.

It has been 31 years since the FAA was born and it has been 23 years since the DOT came alive. And I do think you are quite right in emphasizing the problem of leadership adaptability and some of the external constraints on anyone occupying these positions of responsibility.

Seeing such a wonderful group of public servants in this Committee makes me want to make a personal statement. Once you have been in public service it is far worse than malaria caught in a jungle. You never quite cure yourself of it. You have left so many things undone, you know the importance, the rewards, and pains of being in public service. And you keep on trying to serve.

So I undertook this mission on behalf of these 17 agencies because they asked me to. In other words I have a lot of clients and no fees, which is not exactly the way to arrange it, but I do feel that as a kind of historian or an antique airman, if you wish, I would like to try to offer something creative on behalf of these associations.

I still fly general aviation aircraft regularly in the system, I am involved in a fixed based operation out at Leesburg, and have been before Congressional Committees now for almost 40 years in representing Defense or FAA or public commissions.

I think it is fair to say I have lived in the cockpit and the airspace, in the board rooms and on the runways, tested and been tested, regulated and been regulated for the past 50 years, and, therefore, I am either qualified or disqualified, Mr. Chairman, to appear before you today as a volunteer spokesman for a broad coalition.

It is very rare indeed, as you know from periodic visitation from these 17 associations that they can get together on any issue. We

are together on some of the answers to some of the questions you have raised.

Mr. OBERSTAR. Mr. Halaby, first of all, your complete statement will by unanimous consent without objection be included in the record at this point.

Secondly, we are very grateful to you for submitting one in lieu of 17 statements.

And, three, anyone who can bring together these 17 disparate organizations with each having a different corner on the issue, I think you deserve special recognition and commendation and we will just put you in charge of unifying aviation. [Laughter.]

Mr. HALABY. Thank you very much, sir. I would like to lateral that compliment to Ed Stimpson and several others who have really urged upon this coalition a common point of view and to your superb staff officer, Dave Traynum, who thought it useful if they could compose their collective ideas.

This group of 17 associations this year and 12 last year, is growing and covers the full aviation spectrum from inventors, engineers, Federal employees, manufacturers, private, commercial, and air carrier pilots, as well as airport and airline executives.

They build the tax base. They and three out of four Americans now who fly annually pay the taxes specially levied for improving our airways and airports.

We come together in response to your call, Mr. Chairman, to recommend substantive changes in the way the FAA should be structured, funded, and managed.

These diverse groups have a high mutual concern and purpose; the optimum safety and efficiency of the U.S. aviation system. It is our common interest to reform and renew the FAA for that purpose.

We exist to serve the public and national security, and will live or die to the extent we fulfill that expectation.

It is not that we want a friendly FAA, as some say, but an effective FAA with superior technical professionals in the right places.

It is not that we love our regulator, but we want modern management to oversee rapid changes in workload, in technology, and procurement, and we want to see the prudent use of our dedicated tax dollars.

And in seeking a long term professional, non-political leadership of the FAA, we are willing to risk the decisions and actions of a tough Administrator operating on technical merits rather than the preferences of inexperienced political appointees in transit.

The FAA is unique, as you pointed out, Mr. Chairman and Mr. Hammerschmidt. It operates 24 hours a day, 7 days a week, in hundreds of places, civil and military, nationwide and abroad. It saves lives and limbs and property not just in the air, but on the land and sea as well and in the largest number for the longest times and distances of travel.

It is so essential to national security that with the stroke of a pen the President can draft it into the Defense Department.

Around the clock it must regulate airmen, airways, and airports while building and maintaining a very expensive system with state of the art technology.

It must maximize aviation safety, minimize danger, delay, and discomfort to millions of U.S. and foreign travelers daily.

It is literally true that no one can build, modify, and maintain, or move an aircraft without an FAA directly or indirectly involved.

Moreover, its beneficiaries pay directly in special taxes for these special services. An autonomous organization with extraordinary managerial capabilities is required to meet the unique challenges and responsibilities of the FAA.

I would like to give a sense of urgency today. It is true that more information and debate is desirable, but these hearings have gone on over a period of 18 months, and it is now time to take some action that will be salutary.

The driving force behind our effort has been the clear realization that the status quo is unsatisfactory. The most recent Secretary of Transportation stated that emphatically.

Fundamental changes must occur in the approach our Nation has taken to running our airports, airways, and airmen, and the Administrator of the FAA must be given clear and direct authority, along with the responsibility to manage the affairs of the FAA.

Simultaneously, the FAA must be assured of consistent long term essential funding.

The FAA must be in a position to hire and retain the best and brightest employees in an environment offering challenge and reward and with the expectation of high achievement.

Finally, the FAA must be able to seek new innovative methods for conducting its $25 billion procurement effort between now and the year 2000 and to keep that system constantly renewed.

They also have to assure the development of a national airport system, which could cost a similar number of billions of dollars.

Independence in and of itself standing alone is no more the key to solving the problem of the FAA than is adequate and consistent funding or essential personnel procurement reforms.

The fact is that without a comprehensive package of improvements, change will not succeed.

I would like to leave the prepared text at this point, Mr. Chairman, and just identify some points that we think are worthy of your specific consideration and I would also add that I hope when the witnesses from the Department of Transportation come before you, that they too will come forward with specific legislative actions required to reform the FAA regardless of it emancipation or its continued subservience to the Secretary of Transportation.

In making these suggestions—incidently we have given the suggestions to the staff—we are prepared to spell them out in greater detail, if desired.

But I think it would be great if the Committee would be willing to ask Secretary Skinner, and the FAA administrators, maybe on a technical drafting basis, to bring forward proposals for changes in the authority and responsibility now that could lead into the future.

Very specifically on some of the items you mentioned as principle problems, on finance and budget, we think the Treasury should have a Federal Aviation Administration account to be made up of all funds available to the FAA and its obligation, including the existing balances and future receipts of the trust fund.

The FAA should be excluded from the baseline used to determine the Federal budget deficit under the Congressional Budget and Impoundment Control Act of 1974 and the Balance Budget and Emergency Deficit Control Act of 1985.

Funds included in the FAA account should not be subject to sequestration under the 1985 Act.

The Administrator would annually prepare an FAA budget, which is transmitted to the OMB. OMB subsequently transmits that FAA budget without revision to the Congress.

Beginning with the fiscal year 1990 funds allocated to the FAA account are given a separate allocation under Sections 302(a), 302(b) of the Congressional Budget and Impoundment Act.

As such, funds included in the FAA account cannot be allocated or appropriated to any other program.

Beginning with the fiscal year 1990, Congressional Appropriations Committee would be directed to appropriate funds to programs included in the FAA for multi-year funding (2 years a minimum).

Moving on to personnel management enhancements, we think there ought to be an FAA Career Service to be a distinct subset within the Civil Service with separate selection, hiring, promotion criteria, and that, of course, has precedence in other high urgency, high importance agencies.

FAA has a separate authority to classify employees and fix compensation benefits. Employees remain eligible to participate in insurance, health, and in retirement programs. There would be a no strike provision, and subject to that, FAA would engage in collective bargaining with recognized bargaining units subject to binding "baseball style" arbitration.

The Administrator would be authorized to employ a simplified management system to enhance personnel development, career paths, wider pay bands, regional qualification based on higher pay rates, automatic as needed, and pay for performance programs.

Finally, we think there ought to be an Associate Administrator for acquisition as the senior buyer for the entire FAA. The task would be supervising all acquisition activities, including procurement, R&D, logistics, development testing, contract administration to mandate, the establishment of clear and concise short command channels for all acquisition activities with identifiable areas of absolute responsibility to the full extent feasible under current law.

Finally, require production of detailed reports to Congress specifying legislative changes, if any, necessary to further this more efficient, responsible procurement and provide for automatic adoption of changes absent Congressional veto.

These are specifics. They can be spelled out and varied, but they are the proposals of the associations that are here today before you.

And if you desire to go into details that are beyond my competence, we have members of the coalition in the group that can handle them.

We would like to thank you for your attention to this urgent matter. We think the establishment of an autonomous professional FAA with a fixed term for the Administrator is essential first steps in the process of making the FAA into the exemplar of Government excellence for safety and security.

Putting these features together would not be easy. They involve other Committees of the Congress. It is a comprehensive solution to a problem that has emerged in dramatic proportions in the last 5 or 6 years.

We hope this Committee will take the lead, as it has been doing with the other Committees to see if this kind of reform can be done in a timely manner.

Thank you very much, sir.

Mr. OBERSTAR. Thank you very much, Mr. Halaby, for a very broad and comprehensive, sweeping review of FAA and some very specific recommendations for adjustments and changes.

We will pursue several of those individually with some questions.

First, I would like to have you address a rather long-standing question raised about the FAA by both its critics and its admirers, the conflicting role of the agency.

It is asked whether one agency at the same time can encourage and develop civil aeronautics and also protect safety. How can it encourage the civil sector, the commercial aviation, and how can it at the same time regulate that which it is encouraging?

And you have had the advantage of being both regulator and regulated. I think that is an important starting point for us in this discussion, and I would like you to address it.

Mr. HALABY. Yes, sir. I would like to address that. Both your bill and the Ford bill in the Senate provide that all existing functions would remain in the FAA, except those fostering the development of civil aeronautics, and that would pass to a new entity. However, nothing would limit safety promotion.

In our proposal we have similar language which spells out that the Administrator should not be limited from promoting safety through accident prevention programs, from encouraging airport development and aviation education, and working on other efforts that are safety, not economic issues.

I have to say that in my own time of 4 and a half years at the FAA long ago, I got off the beam in promoting aircraft, two in particular. I wanted to have a DC–3 replacement and the manufacturers were not coming forward with it as rapidly as I thought they should in 1962. So I offered a kind of a bounty and that was stretching this promotion of aviation a bit and nothing came of it. It was failure.

Second, we launched a supersonic transport program. With the wisdom and gray hair of the last 25 years, I would not do that again if I were the FAA Administrator. I do not think that should be his role.

And recently, it has been proposed to develop a commuter aircraft, not a DC–3 replacement this time, but I really do not think the FAA should be doing that and I would favor the law amended to delete that portion and to eliminate any perception of conflict, that is regulator versus promoter.

Mr. OBERSTAR. What would be the consequence for the mission of the FAA and how it sees itself in the role of aviation if the words, "encourage and develop civil aeronautics" were deleted from the 1958 Act, which is current law governing the FAA, what mindset changes might occur?

Mr. HALABY. We would lose some zealots, those who really feel the Government must develop aeronautics. We would, I suppose, lose a little enthusiasm in the sense that we are not just cops, we are creators.

But so long as you hinge it to safety, so long as you make the developmental, the promotional efforts strictly on the basis of air safety, I think you have got a good lynch pin and one that would permit the FAA to go forward and as a builder of a system, as a advocate of international aviation safety (and by the way the FAA has done a magnificent job of that all over the world through ICAO, through individual missions) should be encouraged in doing it. In that sense it is promoting safety abroad and that enables our manufacturers to export because they are adhering to high standards of safety, but not in the sense of building an airplane or financing an airplane.

Mr. OBERSTAR. I think that the perception that is critical of FAA is that somehow it has a role to promote civil aviation, that it is supposed to encourage the airline companies to operate effectively and profitably. And because the FAA is concerned about profitable airlines, it is therefore maybe slipping up on safety. It is maybe slipping up on its oversight responsibility. I think that is the nub of the criticism leveled at this dual role capability.

Are you aware of that mindset when the FAA in your experience on both sides of the aisle, if you will, comes to make a decision about safety concerned about—are the regulators concerned about the economic consequences, about whether this is a cost the airlines can bear, or should safety at one time or another be shelved because we are concerned about how much it is going to cost?

I just want to lay this issue out. I think it is one that needs to be discussed and here is the forum to do it.

Mr. HALABY. To me that goes to the question of integrity and independence of judgment. I had the great good fortune to serve a president who had enough confidence in me to delegate and to keep his staff off my back. If a political request was made for some special exemption or favor, I said, "If it comes from the President, I will consider it. If it comes from somebody on the staff, ask him to go tell the boss to tell me to look at it."

I never had an occasion when political pressure was brought, and, therefore, I was very fortunate. Also, we had a balanced budget in the early 1960's and a growing aeronautical industry, but not one that is growing as fast as this one.

So there were not as many economic pressures. So during my watch, we did not have serious problems. We had to ground airlines over the protest of faithful Democrats. We had to do an awful lot of things that were difficult, but we were able to do them on the technical merits and that is why the independence and integrity of the FAA was and is so important.

Now days if you have got a problem with the FAA, you do not go to the FAA. You go to the Secretary of Transportation. And that leads to the opportunity to have several shots at pressure on a technical judgment. Now the technical judgment can be wrong, and therefore the aggrieved should have an appeal, but there are an awful lot of appeals that can be made and the decision ought to

stand on the technical merits, and I think more often than not that has been the case in the FAA.

And certainly from what I have heard of the new Secretary, he is knowledgeable and determined that that be the rule.

Mr. OBERSTAR. I concur in your assessment of the current Secretary. I have very high regard and high respect for him, not only for his desire and vision, his objectives for the Department and for the agency, but also for his grasp of aviation issues.

I must say that my own experiences that I would defend the agency against the criticism that it bends over backwards on behalf of the industry. I think any regulatory body has to be sensitive to cost. The EPA has to be sensitive to the cost of implementing new technology for pollution control for industries and for municipalities. We have had many long debates in this very room on that issue.

We have had the discussion as we frame legislation on pipeline safety and what the costs will be for industry. Ultimately, we work out a schedule that accommodates the economic impact, but that keeps safety in the forefront and I think this agency does that by and large.

What I am concerned about is the interference from the departmental level. And I will have other questions. I want to ask one more and pass on to other members.

And that is, the continuity of the Administrator, I think one of the big problems facing this agency perhaps more than any other with the exception of NASA, is this turnover at the helm of FAA.

Years ago when Congress wrote the legislation establishing the Highway Trust Fund, it did so with the recognition that it takes a long time to design, engineer buy right of way, and build a segment of highway.

The trust fund was created because it was going to take a very long time to complete this interstate highway vision and that in the process needed people in place who would be able to carry out long term plans and the old Bureau of Public Roads was given a new status and a new responsibility.

The same is true to a far greater degree of the FAA. FAA is not GSA, with all due respect to that agency which buys a great deal for the Federal Government, $50 or $60 billion a year in desks and furniture and typewriters and word processors and carpeting and a great many other items that are important to the operation of agencies. They are not doing long scale schemes and plans such as the FAA is doing with its national airspace plan and the upgrading of the air traffic control system which are 10 and 15 year plans and programs.

For that, that kind of long term visionary work you need stability at the leadership of this agency.

Now the St. Lawrence Seaway, which is a very important entity, but of far less sweeping reach than the FAA, has a 7 year term for its Administrator, and that has been very good. That goes from one administration to the next and gives that agency stability, helps the port authorities plan and do long term marketing programs, helps that agency carry out its work of rehabilitation and maintenance of the locks in the St. Lawrence Seaway system.

Now I have not tried to shield my inclination that the agency ought to have some sort of a fixed term for the Administrator, whatever that number of years may be. I have suggested 5 years in the bill I introduced. We are not holding hearings on that bill, but I want you to address this issue and the significance from those various viewpoints and from your own of the stability and the leadership at the top.

Mr. HALABY. Well on behalf of our group I agree with the fixed term. It is not easy to commit a dynamic public servant to 5 or 7 years, but there are men in American life who are that dedicated, who see the challenge, who see the personal satisfaction of doing a job and knowing that it is going to take about 5 to 7 years to get it anywhere near done.

It is really tragic, as you pointed out, that we do not now have an FAA Administrator at almost the peak pressure on that job.

I am not now blaming any individual or administration for that. We do not have one and there are a variety or reasons why we do not. One of them is that there has not emerged from within the agency, as I hoped and prayed, a man who wants to be and clearly is the career professional man at the top. There are several who could do it, I think, but they have not emerged to the eye of the President and the Congress.

Another question is when we get in a jam on that job, now this is a personal point of view, not a coalition point of view, we turn to the military.

Now in the beginning we turned to the military because we had to combine the military airspace responsibility with the civil airspace. And Gerald Quesada did an outstanding job under President Eisenhower in pulling that together.

We looked again for a military man when the SST was on Lyndon Johnson's top priority list because General McKee had become a very capable airplane procurement officer of supersonic aircraft.

But I think we have got to resolve that issue because in the law it says it should be a civilian. Now this has nothing to do with any about to be nominated man. I do not know Admiral Bussey and I have heard he is excellent and as a naval aviator, I love him. It turns out we are also going to have a head of NASA who is a naval aviator. So with George Bush naval aviators are at their peak. So we cannot knock that, but the fact is that you have to change the law and it has had to be changed about five times in the history of the FAA.

So I think we ought to make a decision about that. My solution was as a civilian was to have an Air Force General as my Deputy and it worked very well and he did an outstanding job, General Harold Grant, who passed away a couple of weeks ago after a distinguished career in advancing telecommunications and air safety.

The third point I think ought to be made, and this I believe is the view of the coalition, and that is we ought to make this job attractive to outstanding people.

For example, from my brief acquaintance with Sam Skinner, he makes a hell of a good FAA Administrator and hopefully as good a Secretary. Now there are other Sam Skinners in this country, I hope, that could be attracted to this job, but to make it attractive

you have got to give them the capabilities to do the job. You have got to give him the opportunity to reward special productivity. You have got to give him the ability to move capable people to other locations.

You give him $24 billion to spend, you have got to give him some modern procurement rules. You have got to give him multi-year funding. Then it becomes possible of doing and that will attract people like Sam Skinner and others to this job.

Mr. OBERSTAR. Thank you very much, Mr. Halaby. I will have further questions. At this point we recognize the gentleman from Arkansas, Mr. Hammerschmidt.

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

Mr. Halaby, we very much appreciate your testimony and your other comments from your long experience and knowledge in this field.

As you know, the purpose of this hearing is to try to figure out the effectiveness with which the FAA achieves this mission, but we are sort of off into a bill that will later be before us. In fact, we may have more than one bill before us. One would ask for the autonomy of the FAA and the other may restructure the FAA in some other manner.

So all your comments are certainly appropriate to the general thrust of why we are here, but I am going to ask more of the generic questions that have to do with just the FAA in general.

For one thing, the levels of funding authorized by this Committee for FAA programs, as you know, are usually reduced by the Administration and the Appropriations Committee.

And they nearly always use the excuse, the Administration and the Appropriations Committee, claims that all aviation users did not fully fund aviation programs and they always cite in support of their claim that approximately $3 billion is paid out of the general fund and it did support FAA operations, which, of course, we know it is.

Do you have any comment on that in general?

Mr. HALABY. Well, Mr. Hammerschmidt, I personally feel and I think the coalition feels that the best solution if the Congress and particularly this Committee could lead in this direction, would be to have the trust fund assuredly in the hands of the FAA. There are many different ways to do it, but it ought to be done. It might not be enough to fully fund all of the operations and all of the capital improvements in the FAA. And, therefore, it might require an appropriation which I think of as an appropriation for national security and citizens safety.

In a sense the Defense budget should pay for some of the operations of the FAA which are perculiarly suited and available for the national security.

Second, the public is entitled, as a taxpayer, to be protected from falling objects, in other words, not just the traveler, not just the passenger and the crew, but those who innocently are underneath or around the airspace or the airport.

So my solution, sir, would be for the trust fund to be available to the FAA Administrator, as was originally intended when it was set up.

And second, whatever additional, "national security funding" would be required by the Appropriations Committee in the normal process.

Now I know that is not easy and I know it is not completely within your jurisdiction in this Committee, but that is what would make this a stable continuing organization.

Mr. HAMMERSCHMIDT. Well, I wonder, not withstanding the fact that there is a broader national commitment to the system, but what about higher aviation fees, user fees in order to make the FAA entirely self-supporting if it was coupled with a move to take that aviation trust fund off budget and make it sacrosanct or really a trust fund for FAA use. Would that be a step in the right direction?

Mr. HALABY. I have not consulted with the coalition on that. There might be a variety of views, but I do not think they are seeking a reduction in user fees, and I suppose when push came to shove if they got full funding on a multi-year basis so that you could buy $24 billion worth of airspace efficiency for $24 billion, I think they would probably accept additional fees, but they would also want the military to pay its share of this national defense system. And the FAA, as you know, by the President's stroke of the pen can put this organization not under the Secretary of Transportation, but under the Secretary of Defense and we have come a little bit close to that once or twice.

So trust fund, present taxes, plus some general appropriations to reflect the national security value, and then I think the aviation would accept additional fees. That is a personal view.

Mr. HAMMERSCHMIDT. Well, we will be able to get the views of the other 17 in these June hearings I am sure, but just one other question.

On a fixed term administrator, and I think a lot of us think a great deal about the merit of having somebody that does not have to roll with the flow all the time, the political flow, if you had a 7 year term, 10 year term, whatever it was, how would you protect yourself in case you bad judgment of that administrator?

Mr. HALABY. Well, of course, the way you dramatize this is by contrasting two FBI directors. I do not think any of you are old enough to remember J. Edgar Hoover, but I remember him very vividly. [Laughter.]

And he was considered a hero by many and a rock solid public administrator. By others he was considered something less, but he was there for a long time and no President, until perhaps Kennedy and his brother challenged that. So it is not easy to get rid of a permanent "fixture".

On the other hand, let us look at another FBI director, Bill Webster, 9 and a half years in the FBI, a man totally dedicated to public service, a judicious, excellent public servant, in my opinion, and he goes on to another career type job.

I would like to see the FAA Administrator more like Judge Webster as director of the FBI or as the DCI than just a passing administrator.

Now you can get people to take this job if it is an attractive job and if it is funded correctly, and not subject to constant political

whims, centralization, decentralization, et cetera. You get that continuity and I think it can be done.

Now you say, "Oh, we do not like him. He is doing a lousy job." The power of the purse is the final thrust of the Congress always and if he cannot get his appropriations through, the President gets involved and the result is that a man who cannot perform moves on.

There are other ways. The power of the press, the power of the judiciary in case he did something unlawful are all there as constraints on the improvident career 7 year man or 5 year man.

There is also his own sense of personal esteem in that work and this job is one where you have got thousands of dedicated, selfless guys and gals working 24 hours a day on safety. They are very special people and they deserve leadership that is continuous and professional.

Mr. HAMMERSCHMIDT. Well, I thank you for that response.

Off the record, I am so young I get those Hoovers mixed up. Was the one you referred to the one that brought us the Depression? [Laughter.]

Mr. HALABY. It is also a vacuum cleaner. [Laughter.]

Mr. HAMMERSCHMIDT. Thank you, Mr. Chairman.

Mr. OBERSTAR. I think the one that Mr. Halaby was referring to brought depression to a lot of criminals.

I guess in the long run the two restraints on fixed term administrator are one, the President, himself, who after repeated mess ups would call the administrator in, and as Lyndon Johnson said quoting Prophet Elijah, "Come let us reason together." And, secondly, the Congress in its role of the appropriations, as you suggested, and the legislative oversight will conduct a vigorous oversight to point up deficiencies and shortcomings and the vigilant news media will do the same, but I think the benefits in the long run outweigh the shortcomings.

The gentleman from New York, Mr. Boehlert.

Mr. BOEHLERT. Mr. Halaby, did you say in response to Mr. Hammerschmidt's question that you would like to see the trust fund off budget?

Mr. HALABY. I did.

Mr. BOEHLERT. You are a miracle worker of sorts to get these 13——

Mr. HALABY. Seventeen.

Mr. BOEHLERT. Seventeen groups to agree to your statement. That is quite an accomplishment and I think all 17 would agree with your answer to that question.

I would encourage you to try to mobilize them to do more than talk to us about that worthy objective: getting the trust fund off budget.

These organizations have considerable influence in the community at large interested in aviation, and if they were to put on a full court press, that would help us get where we want to get, which leads me to my next question.

Do you think—and we are talking about the effectiveness of FAA——do you think under the present structure that research and development on the part of FAA into such sensitive areas as developing TNA is budget driven or technology driven?

My conclusion is that it is more budget driven, which concerns me. I am not satisfied when the FAA comes up to Capitol Hill to brag to us that they have spent $45 million in the development of TNA over the past 6 to 8 years. Maybe it should have been $90 million. I do have a precise figure, but I do have the feeling that the R&D progress on TNA was not as rapid as we all would like because the decision making is budget driven rather than technology driven in this very critically important area.

Mr. HALABY. First, I did not know what TNA meant. I think it means the device to detect——

Mr. BOEHLERT. Thermo New Tech Analysis System.

Mr. HALABY. Yes, sir. That question is an excellent one and I have to tell you that when we first began to get sky jackings in the early 1960's, we invited proposals from industry for devices that would detect and control explosions in luggage.

I remember vividly one company came up with a chamber which by a radiation would explode the luggage and it was proposed to be in the terminal as well as in the baggage area.

We looked at it and decided that was not something we would put in the terminal.

Mr. BOEHLERT. I can understand why.

Mr. HALABY. And it was considered by technical experts, and I think we even referred it to not just the FAA experts, but outside experts and concluded that that was not either reliable enough or safe enough.

So there is at least 25 years of work in the industry and in my judgment that is where the work ought to be in the industry and encouraged and occasionally funded competitively by the FAA.

Whether there has not been enough money or enough danger or enough interest within the Government on this subject is a question I really do not have any special opinion on.

It is true that we are very impatient people and we are willing to take some risks for fast access through the airport and it may be that we have to rethink that now and that delays due to detection are now a priority and a sufficient priority to make the money available.

Certainly the Lockerbe accident has dramatized the case, and as I understand it, companies are coming out now with proposed systems for doing this and I believe, though I know not of my own knowledge, that the FAA is funding what you call TNA systems.

Mr. BOEHLERT. But under the present climate—with the deficit as it is and the great emphasis on reducing that deficit, which requires us to spend $470 million every 24 hours on interest—money is very hard to come by. If we could eliminate the charade of having the trust fund on budget with approximately $6 billion sitting idle simply because we want to be in the position of telling the American people that the deficit is less than it it really is, if we could get over that hump; we would have more money available on an "as-needed" basis by FAA as new technology becomes more promising.

I am concerned that they are disbursing willy nilly funding to every researcher who has an idea. As you look at the FAA's R&D disbursement structure, do you share that concern?

Mr. HALABY. First, I think this Committee is a very, very important engine of reform in this area. I really do think that the Chairman and you gentlemen can lead the House and the other committees by expressing the urgency and with a specific program of how to deal with this multi-geared funding machinery.

And so, yes, this coalition should mobilize, but is also a question of initiative here on the Hill and I just hope that you will express the kind of thought you just expressed to your fellow members in the committees.

One of our greatest problems in national life today is our capacity to govern ourselves.

Mr. BOEHLERT. Well, I would suggest that we are driving the engine, but enough people are getting aboard the train and the problem is one of perception and I am afraid there are too many people who would prefer to be perceived as having a real impact on deficit reduction.

And I guess my plea to you is, as someone who is very influential in this town and has special abilities through many years of experience, to encourage your 17 associates in this statement not only to encourage our activity, which they have been doing, but also to take the battle for the cause on a broader basis. I guess, in a way, I am pleading for your help to help our Committee in that process, and in so doing, help the American people.

Mr. HALABY. I agree with that, sir, and I will take that up with the 17 clients that I have this morning.

Mr. BOEHLERT. My final comment, Mr. Chairman, is to commend Mr. Halaby for noting the pay problem. As one of the 48 members of the House who was honest with himself and the American people when I voted for the pay proposal of the Presidential Commission, I know that there are people holding very sensitive, demanding posts in this Government who leave the Government prematurely because of the pay question. I know there are others we want to attract to Government, and I will exclude Congress for a moment, that we are not able to attract to Government because of the pay issue and the examples you cited in your testimony: the GS–13 making $65,000 in Greensboro, North Carolina, being unwilling to take a promotion to New York or Chicago simply because the economics do not work out. He or she would have to go home and tell the family, "We are getting a promotion to take a reduction in our standing of living."

So I would also urge you and all your members to use your considerable influence to address in a fair and reasonable and prudent manner this issue of compensation for the senior officials of our Government.

Thank you.

Mr. OBERSTAR. I thank the gentleman for raising that issue of pay and the other addressing it. It is a very, very critical one and I think Mr. Halaby's testimony in the points to which you referred addresses that subject very, very effectively.

The gentleman from Tennessee, Mr. Duncan.

Mr. DUNCAN. Mr. Halaby, you mentioned in your testimony the squeaky wheel syndrome and clearly one of your goals is to get the FAA more funding and make it independent and autonomous and so forth.

What would you say to those—Congressman Boehlert just mentioned the terrible problem that we have with the deficit. What would you say to those who would say that the end result of your suggestions would be to raise the deficit substantially?

Mr. HALABY. I would say it corrected a misrepresentation. The deficit is greater than it has been made to appear. The contract with the aviation tax payer was that every penny of the fuel tax and the passenger head tax would go back into the airways and airports, and he, unlike the untraveling public, would be specially taxed for special services.

He has been betrayed. So I would say that it would recognize the nature of the deficit and eliminate what I think is an unintentional, but deceiving representation. That is a personal judgment, obviously.

Mr. DUNCAN. All right. Thank you very much.

Mr. HALABY. I could also make the argument, sir, that this is a very valuable incremental benefit and if you want to compare air safety with other benefits accruing to the deficit, this is a pretty good over spending, if that is the way it is looked at.

Mr. Chairman, I have one thought that I failed to mention and it may be of interest to you, in terms of interim action. It seems to me that it is most important for you to hear from the new administration and the new Secretary of Transportation who I believe has a mind that ranges over this whole scene and who is going to bring a fresh insight. After all, he is an airman, a transit man, a former IBM executive, a man of great scope.

But it seems to me that a lot of the mischief began when the Section of the Act where it granted these authorities to the Administrator was changed to specify they were to the Secretary.

I think that would help in giving stability and continuity if when you ask a man to take the job you pointed to this law and said, "You are accountable to us in the Congress representing the people of the United States and by law now you and the Secretary work out how you relate policy to operations, how you relate oversight to administration, but you are the man responsible and accountable." And not one simple change in that section restoring it to where it was would be, I think, an important step forward in achieving the goals of this Committee.

Mr. OBERSTAR. Well, that is a very helpful suggestion, Mr. Halaby, and it is one I have thought about a good deal. I have gone back and read over that 1958 Act and the Reorganization Act of 1958, and the Committee transcript hearings.

It seems to me that the significance of the transfer of those authorities to the Secretary was glossed over or perhaps not thoroughly discussed at the time and perhaps changing the law in those respects would be very, very helpful.

You suggested a kind of autonomy for FAA within the DOT. How do you envision autonomy working?

Mr. HALABY. Well, the distinction between autonomy and independence is one that the coalition has discussed at length and properly so. And I think they recognize the difficulty under current conditions of making the FAA totally independent as it was originally conceived 31 years, and as it was operated a number of years, perhaps as many as 10 years.

It worked quite successfully, I believe, with some modesty, I hope, during that period of independence under the independent administrators, and I think it could work very well again.

It seems to me it worked under what might be called autonomous administration by Secretaries of Transportation until recently when the whole relationship shifted from getting an Administrator in whom you had full confidence and was prepared to delegate autonomy—almost full authority—to one where the Secretary took this law as revised seriously, that he alone was accountable, not the FAA Administrator, and being accountable one become fully authoritative and in detail.

You also, I think it is fair to say, had a much more ambitious, much more politically active kind of leadership in the DOT and perhaps less confidence in the Administrator than there had been in the past. I cannot vouch for that.

So when you think of autonomy, you think of holding him accountable. He is accountable, the FAA Administrator, for rule making, for safety development, for air traffic control, for enforcement. He is the professional administrator.

The Secretary could be a policy maker, formulate policy, give him direction, have what you might call prudent oversight, but not what is now micro-management.

Mr. OBERSTAR. What organizational——

Mr. HALABY. I heard that there were 256 rules relating in some respects to safety that the new Secretary found on arrival. I do not know whether that is true or not, but that means that rules made by technical professionals, I pray and hope, on the basis of the technical merits were over there for review rather than promulgation.

Now if that is so, that is indeed unautonomy, nonautonomy. That is arrogating unto the Secretary's staff the authority to issue those rules, which I do not think that Congress intended. I know it did not in the original law.

If I had to choose between independence and autonomy, you know where I would come out, but that is a personal view.

Mr. OBERSTAR. That is right, and perhaps changing the basic charter of the relationship between the Department and the agency, as you suggested and as I have been thinking also, would accomplish that purpose. The Secretary should not have to be passing on these safety rulemakings.

Of course, it is not only the Secretary of Transportation that meddles in the FAA or oversees or touches nerves, that other ogre of Government, the Office of Management and Budget gets its hands into their operations. It does in practically every other Federal Government agency.

If autonomy were achieved within the Department and we nonetheless had OMB exercising in a different way through different authorities some of the same rule making and decision making role, we would simply have achieved a change of masters and not a change of direction.

Mr. HALABY. I think also, sir, I should emphasize, and I know is strongly felt by the coalition, that even if the FAA Administrator was independent, he has to have these additional capabilities in re-

spect of personnel, procurement, and funding. He just cannot merely by being emancipated act without those capabilities.

So our emphasis is not away from independence, but it is much more heavily on the question of enabling the Administrator to do the $25 billion job of procurement. I understand the FAA Administrator designate is an expert in that area, which is very encouraging.

One of the things that I tried to accomplish and could not for a variety of reasons was to set up a special group which is now called a Federal Funded Contract Research and Development Center. MITRE Corporation is doing work for the Air Force and for FAA.

From a personal point of view, I would like to see MITRE spin off a group for FAA that does the systems engineering and technical direction that FAA will never be able to hire people out of private industry to do.

I think that would enhance whoever and however independent the FAA Administrator is. It is something you could push for now and you have at hand a group, if devoted fully to FAA, would really enable that $24 billion to yield $26 billion instead of $20 billion in results.

Mr. OBERSTAR. Of course, the FAA does have Martin Marietta doing work similar to that already, but the suggestion is a very good one.

Let me touch one two more issues, and if you can address them very briefly.

One is the role and the relative independence of the regional directors of FAA and whether you have found that to be an obstacle, and secondly, the organization changes the FAA instituted last year which touched the relationship between regional offices and FAA headquarters and covered the whole spectrum of aircraft certification and flight standards and so forth.

All of those changes that were done by the order of the Administrator, it seems to me that they are not very durable changes. The next Administrator can come in and say, "I did not like that idea. Having thought about it, we will go back to the old way. We will revert to how things have always been done." Or he may think of himself as a super organizer and have a new way of doing things and yet another set of organization changes.

Your reaction, Mr. Halaby, to the durability of such changes by administrative action as compared to structural changes in the agency set by law and that unique relationship of administrator to the regional administrators and whether that has been a useful or has worked as an obstacle.

Mr. HALABY. There is I do not think a coalition position on that, sir, so I will speak for myself. First, I like your proposal for a limited number of regions. I do not think we need as many regions as FAA now has, but closing a region is one of the more painful prospects for any administrator. So if you went from 9 to 3 you would have to have a lot of support here on the Hill and in the communities involved. That I think would help reduce the span of control.

The second, I am a decentralizer in terms of management because I think the problems arise locally and regionally. That is where the airman is, that is where the airplane that the FAA in-

spector ought to be inspecting is. It is not here at Washington National Airport or in the FAA Building.

So I would lean toward risking some marginal lack of standardization by getting the regulators out where the action is, by getting the air traffic controllers, taking into account local traffic flows and conditions, under an overall system plan.

One of the problems I think of in the last year at least was that it was feared that things were going on out there that the Secretary did not know about. Things were going out there that the administrator should have more tight control over.

There are always going to be things going out there because that is where the action is. So I took the key man, who had been tightly centralized under Gerald Quesada, whom I thought were good managers and put them out as regional administrators and entrusted them with a lot of delegated authority. Then we had communications a daily telephone conference with those administrators, a monthly meeting in Washington to try to get standardization.

Now you cannot do that with the R&D and the engineering at all. You cannot do it with the rule making, but even though you utter a rule, some regions will interpret it one way or another and there has to be close communication to see to it that there is an even handed nation wide application of those rules.

I, for one, again personal opinion, could not understand why in the last few months of an administration the whole thing was recentralized with a group of executive directors on top of the present organization, but that was the administrator's decision and that is up to him how he organizes and manages.

I would suspect that with the new administration there may be an adjustment in that and if I were doing I would err on the side of having strong policy statements, strong communications, and decentralize to a smaller number of regional bureaucracies.

Mr. OBERSTAR. I appreciate that observation. Of course, your personal experience and I can understand that the group of 17 have not organized a policy on some of these issues. I would encourage them to do so by the time we hold hearings on the legislative proposals.

But there are some examples and I will not belabor this because we do have a vote pending on the House floor. There are some examples of regional disparities.

Two years ago we held a hearing, Mr. Clinger and I, in the Subcommittee on Investigations and Oversight on Minimum Equipment Lists in which there had been a rule adopted or about to be adopted, I should say, by the General Counsel of the Southeast Regional Office of Flight Standards District Operations saying in effect, this is the way minimum equipment lists ought to be handled. And that rule would have been very different from any other way in which MELs were handled anywhere else in the country.

Someone said, "Wait. Maybe we better ask the General Counsel of FAA about this." The General Counsel's office took a look at it and they massaged the paper. They did not shuffle it. They massaged it for about a year and finally the paper wore thin and so did the patience of our Subcommittee and we held a hearing and ultimately there was a national rule promulgated. Well, that is the way it should be.

Another example, the Seattle Regional Office of FAA decided that on the application of Boeing Aircraft and Boeing instigated by some carriers to institute a proposal to close out the over wing exits on 747s. The Administrator did not hear about it for over a year. It was all ready to be promulgated. The rule making was just about completed.

Flight attendants came to this Subcommittee, not to our Investigations and Oversight Subcommittee. I think at the time Mr. Gingrich was the ranking. And then a second instance of it occurred after Mr. Clinger and I were jointly in charge. The point is that a regional office should not be making momentous decisions like that all by itself without at least giving a hello to the Washington Headquarters of the agency.

Those are just a few. Now there are some other examples. When the FAA headquarters certifies to regional directors a budget and a division of funding within that budget and says, "some of this is to be used for air traffic control personnel," and the regional manager says, "Well, no, we think it is going to be better used for something else," they are not carrying out national policy when they do that.

So a centralized authority also provides centralized accountability and that too is necessary. Each of us up here in this Committee is accountable every 2 years, the second Tuesday after the first Monday in November. Every 2 years we are accountable and we pay our dues and I think that ought to be the same within this agency. That is what we are looking for.

And I think your comments underscore that concern.

Mr. HALABY. I agree with what you have said, sir. I would hope that the FAA Administrator would not bring that kind of problem to you, that he would have a centralization of the policy and the process, you might say, of certificability, but that in the field the operator would adhere, would obey to that and that case you cited about the over wing exit certainly was a matter of significance for the administrator to know about. It must have been a failure of communication and communication of policy and enforcement of it is the answer.

I thank you for the opportunity to be here and appreciate your attention.

Mr. OBERSTAR. You have been most helpful and we greatly appreciate your insight and sharing of your long years of experience.

[Mr. Halaby's prepared statement follows:]

Statement of Najeeb E. Halaby

On Behalf of

Aerospace Industries Association

Aircraft Owners and Pilots Association

Airline Pilots Association

Airport Operators Council International

Air Traffic Control Association

Air Transport Association

Allied Pilots Association

American Association of Airport Executives

Experimental Aircraft Association

General Aviation Manufacturers Association

Helicopter Association International

National Association of State Aviation Officials

National Aeronautic Association

National Air Transportation Association

National Association of Flight Instructors

National Business Aircraft Association

Regional Airline Association

Before the

United States House of Representatives

Committee on Public Works and Transportation

Subcommittee on Aviation

May 9, 1989

Mr. Chairman, my name is Najeeb E. Halaby and, at the present time I am Chairman of the Board of Dulles Rapid Transit Inc., a private corporation working to create an essential rapid rail link between Washington Dulles International Airport and the existing Metro system. In addition, I fly general aviation aircraft regularly in the system and am Chairman of Janelle Aviation, which provides fixed base aviation services at Leesburg Airport. It has been my honor to have acted as an Assistant Secretary of Defense, Vice Chairman of President Eisenhower's commission which liberated the FAA from the Department of Commerce, then as President Kennedy's Administrator of the FAA, and later as Chairman of Pan American World Airways. On balance, I believe it would be fair to say that I have lived in the cockpit and the airspace, in the board rooms and on the runways, tested and been tested, regulated and been regulated as much as anyone for the past 50 years.

I appear before you today as the spokesman for a broad coalition which shares a deep concern for aviation and has asked me to present our views. The group includes the:

Aerospace Industries Association

Aircraft Owners and Pilots Association

Airline Pilots Association

Airport Operators Council International

Air Traffic Control Association

Air Transport Association

Allied Pilots Association

American Association of Airport Executives

Experimental Aircraft Association

General Aviation Manufacturers Association

Helicopter Association International

National Aeronautic Association

National Association of State Aviation Officials

National Air Transportation Association

National Association of Flight Instructors

National Business Aircraft Association

Regional Airline Association.

Their members and the employees of their members number in the millions. They cover the full aviation spectrum from inventors, engineers, federal employees, manufacturers, private, commercial and air carrier pilots as well as airport and airline executives. They build the tax base. They and the three out of four Americans who now fly pay the taxes levied for improving our nation's airways and airports. We have come together in response to your call, Mr. Chairman, to recommend substantive changes in the way the FAA should be structured, funded and managed.

These Diverse aviation groups share a high mutual concern and purpose: the optimum safety and efficiency of the U.S. aviation system. It is in our common interest to reform and renew the FAA for this purpose. We exist to serve the public and national security. It's not that we want a friendly FAA, but an effective FAA with superior technical professionals in the right places. It's not that we love our regulator, but we want modern management to oversee rapid changes in workload,

technology, procurement and prudent use of our dedicated tax dollars. In seeking a long-term, professional, non-political leadership of the FAA, we are willing to risk the decisions and actions of a tough commander operating on technical merits rather than those of inexperienced political appointees.

FAA is unique. It operates 24 hours a day, seven days a week in hundreds of places -- civil and military -- nationwide and abroad. It saves lives and limbs and property not just in the air but on the land and sea as well and in the largest numbers for the longest time and distances. It is so essential to national security that with the stroke of a pen the President can draft it into the Defense Department. Around the clock it must regulate airmen, airways and airports, while building and maintaining a system with state-of-the-art technology. It must maximize aviation safety and minimize danger, delay and discomfort to millions of U.S. and foreign travelers daily. It is literally true that no one can build, modify, maintain or move an aircraft without an FAA employee involved. Moreover, its beneficiaries pay directly in taxes for its services. An autonomous organization with extraordinary managerial capabilities is required to meet the unique challenges and responsibilities of the FAA.

The driving force behind our effort has been the clear realization that the status quo is unsatisfactory and that fundamental change must occur in the approach our nation has taken to running our airports, airways and airmen. The

Administrator of the FAA simply must be given clear and direct authority along with the responsibility to manage the affairs of the FAA.

Simultaneously, the FAA must be assured of consistent, necessary funding. The FAA must be in a position to hire and retain the best and brightest employees in an environment offering challenge and reward -- and with the expectation of high achievement. Finally, the FAA must be able to seek new, innovative methods for conducting its procurement efforts for the multi-billion dollar National Airspace System Plan and beyond and to assure development of the national airport system. Independence, in and of itself, is no more the key to solving the problems of the FAA than is adequate and consistent funding or essential personnel and procurement reforms. The fact is, that without a comprehensive package of improvements, no one change can hope to succeed.

In the past, the FAA has functioned effectively as an independent agency reporting directly to the President, getting adequate funds and appropriations and prompt decisions out of the White House and OMB. It has also served well from time to time as a subsidiary of DOT. But it has drastically deteriorated in the last 5 years or so with its authorities and capabilities in procurement, funding and personnel management arrogated under the Secretary and a staff of thousands with no one fully accountable. Fortunately, Secretary Skinner has recognized some of these problems and is trying to resolve them.

We well recognize that one does not lightly undertake an effort such as this. The coalition which I represent does not have all of the answers. We can, however, in large measure, take the essential second step of converting our knowledge of the FAA's problems into concrete suggestions for change.

The role of the Congress in this debate is clearly a difficult but urgent one -- and obviously the most important in sorting out various proposals for reform. We understand the difficulty of taking what is often seen as an "industry proposal" or "the administration proposal" or any other suggestion coming from a specific group, and determining which ideas have merit and which do not. We believe, however, that our ideas are good ones -- they were put together with an eye toward real and lasting changes which will improve the capabilities of the FAA. These ideas should be judged on their merits rather than on their political appeal. We encourage your efforts to find the necessary compromises to advance the process and we look forward to the emergence of a renewed, more dynamic FAA, better able to master changes as they rush upon all of us.

The secret to success in a high-tech operation has always been innovation and adaptation. If the United States is to continue to lead the world in aviation and its safety, we simply must be willing to alter our approach to the FAA in order to accentuate its ability to adapt and innovate. It must be able to respond on a real time basis -- not years or even decades after technology has passed it by.

While an improved, more fluid approach to the FAA has long been an advisable one, the necessity for it did not become acute until the full impact of airline economic deregulation was felt. Revenue passengers have grown from 270 million in 1977 to more than 450 million in 1988. Further growth to 600 or more by the turn of the century and to a billion thereafter demands a dramatic response. Events in the aviation industry are moving at a pace faster than that for which the DOT/FAA was designed -- and the structure must adapt and respond to that change.

FUNDING

There is no question, in our judgment, that the single most important and complex issue which must be dealt with is in the area of FAA funding. GAO estimates, for example, that the total cost of the NAS plan and other necessary improvements through the year 2000 will exceed 25 billion dollars. The FAA estimates that $24 billion will be needed for airport improvements over the next 8 years. Clearly, in light of the sums involved, special scrutiny of creative funding is essential. It is, after all, funding which will provide the key for a reinvigorated and determined FAA management to come to terms with the other deficiencies afflicting the agency.

The issue of often inadequate and inconsistent funding for the FAA has always been a contentious one. Twenty-five years ago and longer, the "squeaky wheel" syndrome was as pertinent as it is today. It is unfortunately true that crisis and

disaster have too often been the forces that unleash funds for the FAA. We have not anticipated very well. For example, the situation in the early 1980s -- in which microchip technology aircraft were being controlled by vacuum tube era radars and computer equipment -- did not develop overnight.

We are now, under the National Airspace System Plan, making gradual progress on correcting this gross imbalance. But it is not enough. The NAS Plan must be improved and updated on a permanent basis. Unfortunately, the imbalance will repeat itself in the coming decades if we do not craft a solution now that will assure adequate and consistent funding for the FAA -- the type of funding which is essential for the ever changing operational and safety requirements of that agency.

Congress and the Administration must take a critical look at the federal budget and funding process and take steps to resolve existing problems. The Airport and Airway Trust Fund approach has not worked as promised. As you know, the present Trust Fund surplus represents an overpayment of taxes by users. We appreciate your efforts, Mr. Chairman, and those of this Subcommittee to try to come to terms with this problem. Until the situation is resolved, however, until the mechanism is found which best assures delivery of adequate funding to the FAA year in and year out -- the search must go forward.

We believe that the solution may lie in creating special budgetary treatment for FAA funding. Such special treatment

must provide for both the Trust Fund portion of FAA funding, which represents the cost for non-governmental use of the system, as well as the General Fund contribution which reflects the national defense and public benefit share of FAA costs. Such special budgetary treatment should include permanent or at least multi-year authorizations and coincidental appropriations. Such an approach, not unlike other innovative approaches utilized to fund special purpose governmental entities with unique operating needs, would provide a better means of assuring that funding for the FAA remains reasonably consistent with the demands being placed upon the agency.

LEADERSHIP

Leadership, of course, is also an essential element in the FAA reform process. As you know, the average tenure for an FAA Administrator has been less than three years. Under the Reagan administration alone, three individuals occupied the office. It is simply not possible in our judgment to establish strong control over the direction of the FAA without finding a way to appoint and retain a strong, autonomous Administrator who can be expected to remain on the job to see his or her programs through to conclusion..

An example of what could be a solution to this problem can be found in yet another unique government agency -- the Federal Bureau of Investigation. In the case of the FBI, Congress' search for strong, consistent and accountable leadership led to the establishment of a ten-year term of appointment for the

Director. While there is obviously no guarantee that the individual will remain for the full term (although Judge Webster remained for almost nine and one-half years before being asked to head the CIA) the appointment and confirmation process leads to a focus on public spirited leaders who are willing to make these kinds of long-term commitments. It also sends a very important message to agency employees that a leader appointed to a fixed term is a force to be lived with.

It is important in our view that this same type of term appointment be given to the Administrator of the FAA. In so doing we must also create an environment in which the Administrator will want to remain and in which he or she is firmly in control. The Administrator, the FAA, the Congress and the public must know where ultimate responsibility for the FAA resides along with the authority to make the agency perform up to expectations. The mandate given to the Administrator must be clear, explicit and exclusive. He must be in command; he must be accountable to the President, Congress, the Courts, the press and the public. This is ample oversight!

PERSONNEL REFORM

An essential element of management reform must also include a significant enhancement of the ability of the FAA to deal with its special personnel needs. It is the case at the present time that positions within the FAA can literally go unfilled for years due to inadequate flexibility in the pay and benefits available to General Schedule federal employees. A

GS-13 controller in Greenville, S.C., living in a $65,000 house simply will not accept a promotion to GS-14 and move to Chicago or New York -- where the cost of living may almost double. Clearly some process must be found to induce these essential personnel to accept transfers. We suspect it might be found in providing cost of living allowances in certain locals based on requirements.

More far reaching personnel reform is warranted as well which will retain and improve the best elements of the existing system while adapting it to the unique needs of the FAA. To this end we would suggest the creation of a distinctive FAA Career Service under the umbrella of the Civil Service. Selection to this FAA Career Service, along with advancements and protection of employment rights, should be merit based. Collective bargaining, balancing "no strike" requirements, subject to binding, 'baseball-style' arbitration would greatly improve what have too often been strained labor and management relations. Compensation, benefits and other terms and conditions of employment, which exist under the traditional personnel structure, should serve as a floor level from which new more flexible programs would advance.

Salary levels, while still subject to the overall cap currently applicable, could be broadened into wider salary bands to offer far greater range in compensating and motivating employees. The FAA should be free to design, not only a cost of living incentive but also other incentive programs to

respond to particular personnel needs. Chronic problems, such as the difficulty the FAA has experienced in hiring and retaining highly-qualified scientists and engineers, could be met quickly with a specialized employment program. Similarly, when combined with a reliable funding program this improved personnel management flexibility would permit the design of a dependable career ladder within the FAA. Not surprisingly, employees are far more willing to accept career development transfers, even to less desirable locations, if they are not financially penalized for doing so and they know that they will not linger in those locations indefinitely due to inadequate permanent change of station funds or lack of room for them to advance. Our recommendation would permit the design and adaptation of the system demanded by operating needs.

It must be recognized that the FAA, as an extraordinarily advanced, high technology organization, has a correspondingly extraordinary need to recruit and retain the highest quality engineers, software designers and scientists. Under the present salary structure and hiring rules this is simply impossible, and the agency must constantly and unsuccessfully scramble to keep up. A solution must be found which will permit the FAA, either within the present structure or through a Federal Contract Research Center or some similar proven device, to remain competitive with private industry for the recruitment of such individuals. Were the FAA free to set salaries on the basis of market conditions -- as it must to

compete for these limited resources -- its return on investment would be immeasurable.

The FAA is not well served by the current, complex, rigid personnel classification system, nor a government pay structure which is not conducive to the use of rewards and incentives. It is not well served by personnel ceilings which reflect budgetary and political factors which override work and safety demands. It must be freed of restrictions on use of retirees, free to provide special pay plans for unique employees, and free to design and fine tune its hiring and personnel rules to the needs of a unique agency.

The standard response to the suggestion of a need for personnel and pay policy flexibility for the FAA is, of course, that these are problems endemic to the government. The FAA as I have explained is totally unique. To a far greater degree than any other civilian agency it must respond to external demands placed upon it twenty-four hours a day, seven days a week in the desert and in the arctic, on the sea and the high mountains. It must be equipped to respond with personnel as mobile and resources as up-to-date as the industry which it is intended to oversee. While up until ten years ago it was possible -- with some difficulty -- to accomplish the goals of the FAA within a traditional Departmental structure, changes in the aviation industry since that time have now made success all too slow and often impossible.

If we are to permit aviation to meet its full potential, to provide aviation transportation benefits to the broadest spectrum of society, we must free the FAA of outmoded strictures and design in their place a freer, more flexible FAA better equipped to meet the safety demands of the future. NASA would not have made it to the moon without such legislated resourcefulness.

The government is replete with examples of special purpose entities designed outside of the "standard" government practices with particular goals in mind. The Central Intelligence Agency, NASA, the Tennessee Valley Authority, Federal Deposit Insurance Corporation, and the Department of Energy all were crafted by Congress with special attributes to enhance their ability to accomplish specific unique and urgent programs. The time has come to utilize that same approach in reforming and renewing the FAA and to match the FAA's abilities with the job it is being instructed to do.

PROCUREMENT IMPROVEMENTS

Just as flexibility and incentives are key ingredients in personnel management improvement, they are also important to the solution of the FAA procurement dilemma. While implementation of the multi-billion dollar National Airspace System Plan has and will continue to provide a tremendous boost to the FAA's capability to respond to demand, it is unfortunately true that the existing procurement process has slowed progress to a substantial degree. As a result, many of

today's "new" improvements are no longer state of the art by the time they come on line.

We would recommend an adaptation of the current procurement system. We would suggest, drawing on features from the Packard Commission report on Defense procurement and the follow-on study by the Center For Strategic and International Studies to achieve the desired results. We seek clear, short command channels, funding stability, limited reporting requirements, communication with users, and early prototyping and testing -- all managed by a small, high quality staff. Specifically, we would suggest:

First, that there should be established within the FAA an additional Associate Administrator position specifically charged with creating and administering an acquisition program of excellence. This would provide the corollary benefit of raising the status and urgency of the procurement program within the FAA.

Second, Congress should articulate clear direction to the FAA to proceed with its procurement efforts in the most efficient and expeditious manner permissible under current law. This mandate would be incorporated in the program along with structural reorganization to reduce redundant review and place the procurement team in direct consultation with both the product user and the procurement decision maker.

Third, and finally, the Associate Administrator (Acquisitions) should be charged with responsibility for review

of the mechanics of the entire procurement program of the FAA. Legislative changes that are determined to be necessary or desirable should be incorporated into an Associate Administrator's report which should be transmitted through the Administrator directly to the Congress. We would recommend that this occur within two years of the establishment of the Associate Administrator (Acquisitions) position and that the report's recommendations go into effect unless disapproved by the Congress.

ADVISORY COMMITTEE

In order to facilitate these new steps, the last major recommendation we would make would be the creation of an advisory committee. Such a committee, made up of a cross section of our wisest citizens, including users of FAA services, would serve as a sounding board for the Administrator and a conduit for communicating aviation industry and user concerns back to the FAA. The creation of the committee should be an essential part of the legislation.

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In conclusion, Mr. Chairman, -- both personally and on behalf of the aviation groups I am representing today -- we would like to thank you and the Subcommittee for your attention to this critical matter. The establishment of an autonomous FAA with a fixed term for the Administrator are essential first steps in the process of making the FAA into the exemplar of government excellence. Putting those features together with

the other recommendations we have outlined today would enhance the potential for excellence immeasurably.

The time has come for the Congress to act on the urgent need for FAA reform and renewal.

1220a

Mr. OBERSTAR. We do have a vote in progress and by the time that vote is completed it will probably be 12:30. We will recess the hearing and reconvene at 2:00 p.m.

[Whereupon, at 12:15 p.m., the Subcommittee recessed to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION [2:20 P.M.]

Mr. OBERSTAR. The Subcommittee on Aviation will come to order. We will now resume our hearing on the organization structure operation on effectiveness of the FAA.

This afternoon we will hear informed, knowledgeable, and tested insights and testimony on the FAA from the one entity of Government that has scrutinized that agency more perhaps than any other with the possible exception of OMB, but in a broader sense than the Office of Management and Budget ever looks at Government agencies. The General Accounting Office has provided invaluable service to the Committee on Public Works and Transportation in a wide range of areas. I think Mr. Clinger will join me in accolades for the high quality of professional analysis and constructive artwork performed by the GAO at our direction and sometimes at GAO's own suggestion of pathways to scrutinize the operation of this agency.

We appreciate the works that you have done and prize it very highly. We welcome and look forward to your testimony today.

TESTIMONY OF KENNETH M. MEAD, DIRECTOR OF TRANSPORTATION ISSUES RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION, ACCOMPANIED BY PAUL F. MATH, DIRECTOR OF RESEARCH, DEVELOPMENT, ACQUISITION, AND PROCUREMENT ISSUES AND NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION; THOMAS J. BARCHI, ASSISTANT DIRECTOR OF RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION; AND ALLEN LI, ASSISTANT DIRECTOR OF RESOURCES, COMMUNITY, AND ECONOMIC DEVELOPMENT DIVISION

Mr. OBERSTAR. Mr. Mead, do you want to introduce your associates?

Mr. MEAD. Thank you Mr. Chairman, Mr. Clinger. Good to see you both again. I'd like to introduce my colleagues. I think you have probably met at least two of them on other occasions.

Mr. Li on my right. He directs our work in the National Airspace Plan and modernization area. Tom Barchi on my left. He directs our work in the work force area and has done our work in aviation security.

I brought a special guest today. This is Paul Math. Paul is Director of Procurement Issues Group in GAO that oversees the Department of Defense Procurements.

Paul is with us today to tell us a little of what life is like on the Defense side of the shop during the questions and answers period.

Mr. Chairman, if I might, I'd like to introduce my prepared statement for the record.

Mr. OBERSTAR. Without objection, the statement will be included in the record, in full, at this point and you may summarize as you choose.

Mr. MEAD. Our testimony today will focus on three points. The first is that FAA is facing extraordinary challenges in modernizing the ATC System and rebuilding its safety work forces. Making FAA independent, exempting the agency from procurement rules, personnel rules, will not, in themselves, be sufficient to meet those challenges.

Regardless of the agency's organizational placement, the agency needs to strengthen its technology development and systems acquisition process, prioritize its modernization activities, and sustain initiatives in human resources areas.

As you know from your past exposure to FAA, Mr. Chairman, that agency is intensely reactive and it is a operational day-to-day type agency. Greater stability in top FAA management is needed to help give this agency a strategic sense of a plan.

The second area we'd like to discuss today is funding needs for FAA. They increased this year and they will intensify greatly over the next several years. And insuring a predictable and sufficient flow of resources to FAA to meet those needs ought to be among the top two or three issues in the current debate about how to make FAA more effective.

And, finally—and this is perhaps more appropriate for your agenda next month—the Transportation Secretary's initiative to develop a national transportation policy illustrates a constructive side of the placement of FAA within the Department. And removing aviation, which is the fastest growing mode of transportation from the Department, could, in a sense, frustrate that effort.

MODERNIZATION OF THE ATC SYSTEM AREA

As you know, the National Airspace System Plan was initiated in 1981. That plan contemplates a near total overhaul of the air traffic control system. We're 7 years into the plan, the costs have more than doubled, and significant scheduled delays ranging from 1 to 5 years have occurred.

Now why has this happened? Our work shows that the cost growth in delays are related mostly to FAA and its contractors seriously underestimating the complexity of what it takes to develop high-tech, highly automated systems, and making those systems work together.

Again, exempting FAA from the procurement regulations or making independent, are actions that in themselves, are unlikely to solve those problems.

Instead, FAA needs to take some more fundamental actions in addressing its procurement problems. The first is developing a disciplined acquisition process. You heard some references to that earlier from Mr. Halaby.

But until recently, FAA did not follow recommended Federal guidance that was designed to minimize risks in acquiring its major systems.

This is OMB Circular A-109. It recommends what are really basic procurement principles. This circular recommends acquiring

a major system in phases that allow for you to first look at the systems concept, then figure out what the system design ought to be, whether that is the right design, whether there are any alternatives, what your requirements are, and the validation of its design.

In the third phase, there is demonstration and testing of performance before you commit to large scale production. The 1.1 billion Microwave Landing System did not follow that approach.

Finally, the production phase. In the case of the Microwave Landing System, it began before they knew where they were going to put the systems, before they knew whether the aviation community would accept it, and before the benefits had been demonstrated. Major delays and other problems were the result.

On other key procurements, FAA thought its needs could be satisfied by buying off-the-shelf equipment. Well, that turned out not to be so in too many of its large system acquisitions. There are some other areas that need improvements.

REQUIREMENTS

In the requirements definition area, it is common to many FAA acquisitions that system requirements were not really defined or properly thought out in the beginning. And that happened because some project managers thought that design problems could be fixed quickly and with little consequence later on.

An example was the case where two advanced automation system contracts were let and the agency, shortly after letting the contract, decided to add another requirement. That was so that the controllers could see color on the screens. That is not necessarily a bad requirement, it is probably good. I like to see things in color, too. It is just that the timing of that decision was unfortunate because the contracts were already let.

Another example was the Flight Strip Printer. Their design had to be changed in the middle of production and installed units had to be later retrofitted.

TESTING

FAA can improve its effectiveness by building in time for testing before making commitments to buy things in large quantities. Now, we have said this many times before. We think FAA has recently taken some good actions in this area, at least for some of its systems.

FIELD IMPLEMENTATION

This is going to be a major problem starting this next year or two. Shortly, FAA will be faced with a significant increase in a number of systems that it will have to install in the field.

But FAA has yet to establish the size of the installation staff it will need and we are already beginning to see problems as a result.

Getting that staff cannot be done overnight. And we believe that the staff size will be substantial if FAA is to have any chance of meeting its schedules.

MODERNIZATION COSTS AND SCOPE

FAA also needs to come to grips with the expanding scope and cost of modernization. FAA's is roughly 16 billion dollar estimate to complete the NAS Plan through the year 2000 does not reflect the totality of the agency's modernization program or all projects needed to meet the plans goals and objectives.

The total cost of modernization may reach 27 billion before the year 2000. That is because more projects have been added, modernization projects characterized as non-NAS Plan have been defined, and additional changes to existing projects have been identified.

Now the $1.9 billion facilities and equipment request for 1990, is a 41 percent increase over the 1989 request. And that is an indication that a large wave of funding needs for modernization is beginning; and it has begun this year. FAA will have to request significantly more than this in 1991, if it plans to meet current schedules.

We recommended that FAA revise the NAS Plan to identify all needed projects and their benefits, costs, and schedules so that priorities can be set on the basis of mission need and safety considerations.

The point here is, the agency has to set priorities if it is going to responsibly manage the modernization program.

To move now to work forces. As you know, Mr. Chairman, we reported over the last several years that the management of the work forces needed improvement in several areas: recruiting, hiring, and training.

We are encouraged that FAA has launched numerous initiatives in those areas. But these initiatives are long-term in nature, designed to address deep-seeded problems, and they will require intense and continued management support if they will be brought to fruition.

To improve recruitment, FAA has announced efforts to establish a national recruiting team and it is upgrading its advertising and recruiting materials. Until very recently, FAA did not have a meaningful recruiting program. It relied instead on individual regions to meet its needs.

FAA has established a streamlined hiring process for controllers. And it has plans to expand that to other safety related occupations.

Under that program, the hiring process can be reduced to about 45 days from an average of about 1 year. I might add, I was taken by a comment earlier that you go to DOT for action and you go to the Secretary for action. You don't go to FAA.

Some of these examples in the recruiting, hiring, and training area are not examples of where you went to the Secretary for action. They are examples of things that occurred because of action the Congress took through hearings, repeated hearings on the same issues. Often saying, "FAA needed to get its recruiting act together. They needed to start training. They needed to worry about how long it was taking. Why is it taking a year to bring one employee on board?" And that is what prodded the agency to action in this area.

While we think FAA's efforts to improve recruiting are laudable, the agency has still made limited progress in rebuilding the controller work force at the FPL level.

As you know, FAA has sought waivers from meeting the FPL goals for each of the past 2 years. And it is unlikely that the current year goals will be met. And between now and the end of 1990, FAA must increase the number of FPLs by 3,100. We think it extremely unlikely that this can be done. In any event, providing quality training for such an unprecedented increase will be extremely difficult.

To attract personnel to difficult to staff locations, FAA also proposed a 5 year demonstration project in June 1989.

I know you are familiar with the particulars of that proposal: that it was for three separate geographic areas; it would have been up to 20 percent bonus pay; and, for 5 years.

The fate of that proposal or at least the specifics of it—is now uncertain.

FAA also is studying its pay and classification system and will be reporting on that this month. Towards the end of this month you should be receiving proposals from them.

In the training area, FAA has stated its commitment to provide quality training for the controllers. They are modernizing their training programs by upgrading training curricula and technology. That modernization is long overdue and it is expected to last for the next 5 or 6 years. The agency's budget speaks to this increased awareness by requesting funds for greater use of training simulators and automation.

And a final point in the work force area: FAA has yet to develop an adequate pipeline of new hires to replace its existing maintenance work force. Therefore, the agency faces a growing shortage of maintenance technicians. The problem has become urgent, Mr. Chairman, because over 50 percent of the work force—to be exact, 60 percent—is eligible to retire by 1995. Unless sufficient numbers of maintenance technicians are hired and trained, FAA may be required to contract out for maintenance.

Resolution of the maintenance work force staffing shortage must be addressed very soon, regardless of whatever personnel rules apply to FAA or possible organizational changes.

In the funding area, the funding needs for FAA will intensify greatly over the next several years. Only one of the NAS Plan's 12 major systems, the Host computer, is totally operational.

As more systems approach the implementation stage, more funds will be required. And we see this intensifying at the implementation stage over the next 2 or 3 years. Further, most of FAA's work forces are being increased. In most cases, substantially. If FAA is to meet the challenges it faces, it will need to request and it will need to receive a predictable and sufficient flow of funds.

Now a word about the Aviation Trust Fund. That fund's uncommitted balance is now about 7 billion dollars. This is the so called surplus. Actually, the fund has a balance of about 13 billion, but 7 billion of that is uncommitted.

Under current law, the various FAA work forces have to compete for funding, as you know, with other Federal programs. They are funded through the general fund. Reports by the President's Aviation Safety Commission and the CBO, provide analyses of the effects of proposals for greater use of the trust fund to finance FAA, including most work force salaries and expenses.

We think that option deserves consideration primarily because it would provide an all inclusive funding source for FAA, financed almost entirely by those who use the system. I'd caveat that and say there is about 15 percent of the cost of the system that should be handled by the military departments. But the other 85 percent, in our opinion, could be financed by the users of the system so that the trust fund would cover more operations and maintenance, as well as modernization.

In the longer term, if Congress were to go that route, consideration would have to be given to changing the current tax and fee structure.

A word or two about FAA's organizational reform of last year. As you know, in April 1988, the Secretary released a report on FAA internal reforms. In that report, the Secretary found that the Associate Administrators at FAA had responsibility for major programs but had no line authority over program implementation and operations.

In July 1988, FAA announced a major realignment of its top management and regions. What did that mean? Well, it established four executive directors and reduced significantly the number of people who were reporting day-to-day directly to the Administrator of FAA.

Another very important change was that the folks in the region were supposed to report directly to the cognizant Associate Administrator in Washington. FAA calls that type of relationship "straight lining."

In our view, these changes are still undergoing implementation and it is too early to conclude whether they will satisfactorily resolve the problems identified by the task force.

But there are some early indications, in the R&D and acquisition areas in particular, that there is potential for positive results. But those efforts have not, and in truth, probably should not, allay concerns about the instability and uncertainty occasioned by the frequent turnover of FAA Administrators.

If the next administrator is confirmed soon, FAA will have had three administrators over the course of 5 years. And that sounds problematic to us when you consider that the turnover has occurred at a time when the agency faces what are perhaps the most difficult challenges in its history—ATC modernization, work force shortages, aging aircraft, and aviation security.

And, finally, Mr. Chairman, to talk a moment about the beneficial side of departmental involvement. Much of the Congress' reasoning when it placed FAA within the Department 23 years ago, was to promote a unified transportation department that would foster integrated policy making among the transportation modes.

Well, the extent to which that has been achieved is clearly open to debate. However, it is not clear to us how that objective could ever be achieved if aviation were simply pulled, in its entirety, out of the Department of Transportation. The current Secretary has recognized the need to develop a national transportation policy. And he has staffed the effort. We think that effort ought to be encouraged.

In terms of DOT oversight of FAA, we recognize that the appropriate level of departmental oversight can be a question of manage-

ment philosophy. It is often a function of the relationship between the Secretary and the FAA administrator. Over the past year or two, in particular, instances occurred where the Department's involvement in FAA affairs did not appear to us to be very constructive, at least in tone.

But we have also observed some instances, and they are less well publicized, where there was a useful side to departmental intervention into FAA's affairs. Those included critical safety issues as well as more mundane procurement and work force matters.

So, overall, Mr. Chairman, we're not in a position to say whether an FAA, independent of the Department, will better deal with the problems. But we do know that systemic improvements along the lines discussed in our testimony are needed in both the work force and modernization areas. Funding is likewise a critical issue. And we believe the importance of national transportation planning and policy making, ought to be a threshold consideration in the debate over whether there should be an organizational shift in the placement of FAA.

That concludes our statement, Mr. Chairman.

Mr. OBERSTAR. Thank you very much, Mr. Mead, again for very comprehensive, and careful, and thoughtful analysis as GAO's work always seems to be.

You have given us a good deal to think about. Some new insights and some long standing questions reviewed from a new perspective.

One question I would like you to think about, has GAO, in either your operation or someplace else in the agency, ever looked at FAA overall from an organizational standpoint? Is it structured properly to carry out the role entrusted to it under the law?

Mr. MEAD. No, we have never looked at FAA from an overall organizational standpoint. And it would be difficult. It is a good thing we did not because they have changed so much in the last 2 or 3 years. We would not be able to use the results of our work.

Mr. OBERSTAR. Well, in a way, that is unfortunate, because as is so often the case, when GAO does a study, it becomes a benchmark by which to measure further changes or future developments.

And we would have some way of analyzing whether recommendations of 5 or 6 or more years ago by GAO were, in fact, implemented and carried out by the agency, or whether changes have, in fact, impeded the achievement of goals set by GAO.

Mr. MEAD. There are a couple areas at FAA that we have looked at, which I think, bear on the issue. One is FAA's capacity to look at itself. GAO does a lot of looking at FAA. But until this past year, FAA had very little capacity and it still has very little capacity to look at itself. The former administrator saw a need to establish a modest evaluation group reporting at the administrator level. And whether that will be continued under the next administrator, I do not know.

Mr. OBERSTAR. Well, there are some organizational type questions I would like to pursue. And you have addressed, in your prepared statement, organizational changes and the need for stable leadership on page 12 and subsequently.

But the regional structure of the agency, in the first 2 years that I chaired the Investigations and Oversight Committee, I think repeatedly my colleague and the ranking Republican Mr. Gingrich

made the observation that the regional office structure of FAA was impeding the achievement of certain goals.

This was an observation which I shared and continue to share. I think there is a great deal of autonomy for those regions. We together have often called them "fiefdoms."

From a management standpoint, for the efficient operation of that agency, is it necessary to have nine FAAs? By that I mean head and very autonomous regions.

Mr. MEAD. I don't think so. In fact, I don't know exactly how many regions you should have, but I believe your point on "fiefdoms" and quasi-autonomous regions is very well taken.

I can take you through review after review after review that we have done, beginning with the inspector program of several years ago where we went out and found each region approaching the inspection program in its own way. Each region was different. We go through training, and find the same thing. Recruiting, it was the same type of issue. Each region going off on its own in its own way.

And I do not have an opinion on exactly how many regions there should be. There is no question in our mind that the current setup resulted in each region doing what it wanted to a very large degree.

Mr. OBERSTAR. You see, that is a matter of really great concern. Why should that structure exist in this way and why should those regional differences obtain when, in fact, aviation is not greatly different from one part of the country to another.

There are some minor climatic differences from north to south and east to west. Perhaps from coast to inland areas. But this is not a matter of looking at water quality, for example, as EPA does for salt water issues as compared to fresh water issues.

Aviation is aviation. The maintenance standards should apply the same in Florida in the Miami FSDO as they should in the Seattle FSDO. There ought to be one national standard.

Mr. MEAD. I do not think you can argue with that. And with the challenges that FAA is facing today such as in the aging aircraft area; aviation security, Tom reminds me, is another one. I think the point is well taken. There are probably some areas where there may be understandable differences from region to region, but certainly not in the key areas such as inspections, aviation security, and training.

Mr. BARCHI. If I could add to that, Mr. Oberstar.

Mr. OBERSTAR. Certainly.

Mr. BARCHI. Our experience has been that you have a degree of autonomy that has been built up over a period of time in that institution. And there has been not the degree of accountability that you would hope to see.

Quite frankly, I think a lot of it boils down to personalities. You have some very strong managers out there that believe in decentralization, that believe that their problems are home grown and that their solution should be likewise. What you may have is a situation where there is a lack of recognition that perhaps the solution should be system-wide as opposed to region-wide. And we have seen that in various programs over the years.

The effort that we are alluding to, the streamlining effort that FAA has recently initiated, is directed at specifically that, to bring accountability back into Washington.

And as our testimony earlier this morning alluded to, that is where the standardization should emanate from.

Mr. OBERSTAR. Well, exactly. One of the issues Mr. Clinger and I explored in the last Congress in the Investigation and Oversight Subcommittee was staffing standards.

GAO did a very thoughtful, lengthy, careful analysis. We reviewed that in another extensive hearing, but the analysis indicated that standards vary from region to region and responsiveness to standards varied from regional administrator to regional administrator.

And there is some institutional reluctance and resistance to taking central direction. And I think the failure of the agency to develop staffing standards is to a large degree the result of or product of this regional autonomy.

Mr. MEAD. We would agree with that.

Mr. OBERSTAR. Now, there has been a major organizational structure change within the FAA last year by Administrator McArtor.

What durability will that organizational change have?

Mr. MEAD. It does not have any necessary durability. And, in fact, it is not clear to us that it has been fully implemented. I know you look at the organizational charts and you can see what they have proposed and what is supposed to be happening. It is not clear to us that it is close to being fully implemented. That is going to depend on the next administrator to implement the former administrator's organizational change fully.

Mr. OBERSTAR. Yes, exactly. So, what Mr. McArtor has done can be swept away by the next administrator, whoever that may be.

Mr. BARCHI. Or superceded by a new agenda. And that seems to be more characteristic of what occurs that an administrator comes in with an agenda, begins to put it in place, leaves, a new administrator comes in, announces with a degree of fanfare that we have a new agenda. The old agenda simply dies on the vine.

Mr. OBERSTAR. What does that do to two things: Agency morale and individual willingness to develop an esprit de corps?

Mr. MEAD. Very little. Especially in an agency where we are changing Administrators frequently, 2 or 3 years.

But here is Impact 1988. Former Administrator McArtor announced that program about 2 years ago. And the troops out there and FAA, they have heard of Impact 1988. Now, they must wonder what will become of that. Is that something that is going to continue? Will the next administrator pick up on that? The former administrator is gone.

Perhaps these FAA staff, with some justification, can look towards the future and say, "He will be gone in a year or two." And maybe they should not think that way, but the track record certainly would support that point of view.

Mr. OBERSTAR. Exactly. And then agency morale and attitude become one of, "Well, let us just wait this out and see if it is for real. We do not know whether these changes are good or not, whether they are cosmetic or not or this is a real blood transfusion

or just a little plasma to keep the body alive. So, we will just sit it out."

And they do. And then when some serious needed change comes along, they also resist that. You know, there is just an organizational tendency to operate that way.

I have a number of other points that I will pursue. At this point, I will yield it to my colleague, Mr. Clinger.

Mr. CLINGER. Thank you very much, Mr. Chairman. I just want to pursue that a couple of minutes longer. Mr. Barchi, you eluded to the fact that we have had a tremendous amount of changing of the guard going on over there in recent years.

You said three administrators in the course of 1 year or 5 years?

Mr. BARCHI. Five years.

Mr. CLINGER. Three different administrators in the course of 5 years. And so that there really has not been a clear indication to anybody working over there what direction the agency was supposed to be moving in. And, therefore, a lot of drift.

Would this then indicate that maybe one way to resolve this kind of problem would be to have a fixed term for an FAA administrator to give him the assurance that he would be there for a period of time and be able to initiate a program and hopefully implement it and see it through.

As you say, with the present situation, the plan that Mr. McArtor proposed at the end of his tenure may or may not ever be implemented because the new man may just decide, "Well that is nonsense," and have a totally different idea.

What would be your feeling about having a fixed term?

Mr. MEAD. I think we would be generally supportive of that. This is an extraordinary time in the Federal Aviation Administration's history.

It seems to me that for the next 15 years, looking at what is on the plate at FAA and the challenges it faces, that it needs continuity and stable leadership at the top. But that is an imperative.

It also seems to us that this is not all that unusual for the Department of Transportation. As it was pointed out earlier, the St. Lawrence Seaway Commission has a fixed term administrator of 6 or 7 years at the present time. Certainly they are not facing challenges of the level that FAA is. Somebody at some point saw fit to give them a fixed term.

Our own boss at GAO—the Comptroller General—is appointed for a fixed term and it is for 15 years. I think that sets a good tone at the beginning of an appointment. There is an expectation on the part of Congress, on the part of the appointing official that whoever gets appointed there is going to stay for an extended period of time. I do not see that expectation at FAA under the current manner of appointment. I do not see it because I do not believe it is there.

Mr. CLINGER. It is not there. That is exactly right. It does not exist. And I think, as the Chairman said, people working there can get into a kind of a habit, "Well, this fellow is not going to be around long so we don't really need to break our backs implementing what is being suggested here."

But, you know, at the very time when we see an exponential explosion in demand in terms of more and more people flying all the

time and tremendous growth pains in the aviation industry in general, we have had a kind of stop and go situation in the FAA where you start on some ambitious new program and then the rug is pulled out. And we start on another ambitious program.

And there really has not been the kind of, as you suggested, the kind of continuity, the kind of long-term commitment to addressing those problems that we really needed to have.

It just seems very obvious to me that FAA has not kept pace with this demand. We have seen huge growth demand and the FAA just has not been able to keep pace with it; part of that being that they have not had the continuity of leadership.

Mr. MEAD. Yes, and you know part of this problem is an educational one. Consider the National Airspace System Plan, we are dealing here with almost 27 billion dollars between 1981 and the year 2000. It is extraordinarily complex. It has taken us several years just to begin to understand it. And we still would not profess to be absolute students of it.

And with a new administrator coming in, it will take him time to understand it. This is a program that is experiencing a great deal of difficulty.

Mr. LI. Mr. Clinger, let me just add one point.

Mr. CLINGER. Mr. Li?

Mr. LI. Relative to your comment about the three administrators coming on board, let me just go back to that I was thinking about that point myself this morning in terms of what was the important accomplishment of each one of the past three administrators.

If you think back, Administrator Helms' big imprint on FAA was the NAS Plan. Admiral Engen, continued the NAS Plan, but he also had what he calls a "mid-course" redirection of the NAS Plan.

As for Mr. McArtor, his big influence has been, as Ken says, the Impact 1988 Program. So, when you see these different things, you wonder where is the continuity?

And while all initiatives were important, each administration had different priorities.

Mr. CLINGER. You know, they are not congenial. I mean they are different. There is really no coherence in the three plans.

In another life, I once worked in an agency where I observed, over a 3 year period of time, three different administrators of the agency I worked for.

And we went from an administrator who thought we should decentralize the whole system to the regional offices to an administrator who said, "No, we have to have everything centralized in the central house."

And, then again, the final fellow that came in said, "No, no, it is much better decentralized." And what we ended up with you just felt like you were on a yo-yo.

You did not know where you were on any given day. Whether you were supposed to be promoting centralization, decentralization or what. And as a result, the agency and the whole program suffered.

I think you are absolutely right. When you talk about the need for some sort of consistent level of funding. And, indeed, that we obviously are going to require a lot of resources really to get this agency in a position where it can be effective.

And particularly with regard to the National Airspace Modernization Plan and other capital programs, would not that whole problem be solved or could not it be solved if we were to take the aviation trust fund off budget?

Mr. MEAD. We do not think so. There are a lot of trust funds in Government. I know you have heard this before, I think there are 150 by our latest count.

GAO is making a suggestion on how Congress might approach these trust funds. And I make that suggestion here.

To take the aviation trust fund off budget seems to us to be overlooking the obvious. It is part of the budget of the United States and a pretty good part of the budget of the Department of Transportation. Dollars come in and dollars go out. So, it is difficult to deny the fact that it is part of the U.S. budget.

The off-budget/on-budget issue comes up because people perceive, in many cases correctly, that trust fund spending is constrained in order to assist the deficit. People do not seriously argue that you take the aviation trust fund off budget because it is not part of the budget of the United States because it really is.

What GAO is suggesting is this: That first, you unmask the U.S. budget. This could be done procedurally. It is not that big a deal. Where you separate the budget into trust funds, non-trust funds, and a couple of other categories. That will show that the trust funds, the way the budget is currently set up with its focus on a single number, are covering about 75 billion dollars worth of deficit. That if it were not for the trust funds, Social Security, highways, aviation, Super Fund and a couple of others, the budget would show about 231 billion dollars deficit. Last year the reported budget deficit figure was 155 billion dollars. So, we think a first step for the Congress is to do some unmasking here.

Then, you can make the policy judgments as to whether your deficit reduction goals ought to be keyed to the trust funds, all of them or some of them, or whether reduction goals should be attached only to the non-trust side of the budget. And you can do all that while keeping the trust fund on budget.

Mr. CLINGER. Well, I think you are right. We do tend to hide things under the system we have. And I think that is one of the reasons why some of us argue it should be taken off budget.

But we under the system we have now, we mask a lot of the need. And I am wondering what your reaction would be?

I have been promoting the idea of a capital budget. That is approaching from a capital budget point of view where we would at least begin to identify where the needs are, which we really cannot determine with any degree of accuracy now.

What is your view of that?

Mr. MEAD. The other two items that I was saying, the GAO suggesting putting it in trust funds, non-trust funds, and a couple of other categories. The couple of other categories were precisely that, focusing in on the capital budget.

Because right now we treat the acquisition of long-term capital assets in the same manner we do an individual salary. We treat it as an expense. Obviously, the acquisitions of equipment under the National Airspace System Plan, for example, is long-term. They go beyond just paying somebody's salary.

Mr. CLINGER. Could not agree with you more. Just one final question. The FAA had intended to implement a paid demonstration pilot program in three locations, LAX, Chicago, and San Francisco. And it was significantly limited recently by the Appropriations Committee just to the Chicago installation. Do you think that we can get a very adequate demonstration by just Chicago or do you think it was sort of a bum idea to have canceled the broader demonstration?

Mr. MEAD. Well, we would prefer it being the three facilities in Chicago than not at all and that it be at 10 percent rather than not at all. It seems to us the purpose of a demonstration project is to demonstrate an idea while it is not a permanent solution.

I think it made some general sense to have it in the three original locations. I do not know about the 20 percent. Also about the 5 years: that seemed a little long for a demonstration project. Two or three years may be about right.

Mr. OBERSTAR. I just wanted that Gentleman to yield on that point to ask Mr. Mead to amplify that issue, because I understand GAO has not done a demonstration, but has just completely revamped its own pay scale and system and has much broader flexibility than even the FAA limited proposal.

Could you compare what GAO has done with its pay structure to what was being proposed in this demonstration program?

Mr. MEAD. To some extent, GAO, several years ago, got removed from the civil service system. And we were directed to run our operation at GAO in a manner that comported with general civil service principles. It was a very general direction.

But the upshot of this was that GAO had authority to setup its own personnel system. We studied, for several years, what to do. And we will be moving this May and June to what is called a Pay for Performance System.

Under that system, all employees below the senior executive service level that are in the GAO evaluator ranks, which is the vast majority of the professional staff, will be divided into three bands.

What is now GS–7 through 12 will be in Band 1, GS–13 and 14 in Band 2, and GS–15s in Band 3. It will give us a great deal more flexibility regarding how quickly somebody can progress within those bands. In addition to deciding on an annual basis what their permanent pay will be within those bands, they will get bonuses based on their performance.

As I understand it, at the present time, we will be giving out bonuses to roughly 50 percent of the GAO evaluator staff. And a separate process will determine when you move from Band 1 to Band 2 to Band 3.

We look at this as a very positive move. And we have put in a couple of provisions into the program that make it more attractive to the employees, too. They have nothing to lose. We have assured them that they will be no worse off under this system than they are under the present system. In other words, they have nothing to lose, and all to gain.

I might note an area of concern if FAA should go to a Pay for Performance System. There is a lot of understandable anxiety anytime you do a major change to a pay system. In concept, Pay for

Performance sounds great. And I think it is great and I think it will be great for GAO. Some employees will have a concern that if you are going to start differentiating between employees in their paycheck, they want to know on what basis that differentiation is going to be made.

Under the current GS System, you do not really make any differentiations. Your step increases every year. You are GS–13, on the year you usually get to be GS–13 Step 2. Now at GAO, they will be making judgments about when folks should be rewarded and when not. And so we have to have some special provisions in place to make certain that that is fair and that it is perceived as fair.

Mr. CLINGER. People are going to know who does it and what basis those decisions are made?

Mr. MEAD. Yes.

Mr. BARCHI. If we could add an interesting postscript, I think, to this particular question, Mr. Clinger. According to FAA's data, since announcing the pay demo project, they received somewhere in the neighborhood of 41 applications from what they consider to be quality controllers requesting transfer to Chicago O'Hare. That is far more than they received the entire preceding year, applicants.

Mr. CLINGER. Well, it did have an incentive effect.

Mr. BARCHI. So, you know, Maslow's hierarchy of need is there, I have not passed the economic incentive part yet, and my sense is that there are a lot of controllers out there that react in a very similar way to it.

Mr. CLINGER. But in GAO's case, you have not done a pilot demonstration project. It is just being implemented agency wide; is that right?

Mr. MEAD. It has been studied to death, to understate things, and we are phasing into it. This year we will be converting into the bands, the bands 1, 2, and 3, and paying out bonuses. Next year we will be making permanent adjustments to pay within those bands. So it is kind of a phased in process, but, no, we have not had a pilot.

Mr. CLINGER. That is very interesting.

Mr. OBERSTAR. To pursue that a little further. So the progress is not determined by time in grade, but by performance within the band?

Mr. MEAD. Performance, yes, and contributions.

Mr. OBERSTAR. Yes, and contributions.

Mr. MEAD. Yes.

Mr. OBERSTAR. And, so, movement from Band 1 to Band 2 is based upon a different set of criteria? What are those, promotions?

Mr. MEAD. Exactly. That is a promotion.

Mr. OBERSTAR. Yes.

Mr. MEAD. Movement between Bands 1, 2, and 3 are promotions. Within Band 1, there is considerable movement. I mean, the entire pay structure for grade GS–7 through 12 is in Band I. And GS–13 and 14 within Band 2.

You can move within bands and that is based exclusively on a judgment of performance and contributions made during the year. Not necessarily whether you have the potential to be management and therefore should be promoted to Band 3.

Mr. BARCHI. We do have a requirement though that you will have served 1 year in that band before you will be considered for a promotion to the next band.

So there is a time requirement there.

Mr. OBERSTAR. Well, that is one thing. So you have to be in grade a certain time before you can be considered, but it is quite something else to say your time in grade is a criterion for pay increases.

Mr. MEAD. That is right.

Mr. OBERSTAR. In any respect, you started to address that question, is the GAO experience, in any respect, a model for FAA?

Mr. MEAD. I do not know if it is a model for FAA because I am not sure that the FAA bonus program is going to be based in a way that differentiates between performance. I think it is going to be based on whether you are working in one of the three Chicago facilities. And if you are, you get the extra money.

Now, adding to that, I understand that FAA will be coming out with some proposals at the end of May that contemplate more sweeping changes to their pay and classification system. But we would have to look at the particulars of that to see whether the GAO System could be applied there or might serve as a model, if you will. Have you heard of China Lake? The China Lake experiment that the Navy did?

Mr. OBERSTAR. No, I am not familiar with that.

Mr. MEAD. The China Lake experiment was one where the Navy received authority to do a pay for performance type system. It is pretty well documented. It was a good study. Other agencies point to it, even private corporations point to it.

And that is one that has been completed where there is a base of experience. We do not really have a base of experience with GAO's yet.

Mr. OBERSTAR. Are there other Federal Government agencies that have flexible pay systems?

Mr. MEAD. I do not know, Mr. Chairman.

Mr. OBERSTAR. Is GAO the only one that is implementing something of this nature?

Mr. MEAD. I do not know the answer to that. I will have to get back to you. I do not believe we are the only ones.

Mr. OBERSTAR. Counsel informs me that there are 30 Federal Government agencies that have gone to a flexible pay system. Mr. Traynham supplied that information for the record.

Mr. TRAYNHAM. For the record, Mr. Chairman. [Laughter.]

Mr. OBERSTAR. What is the role of OMB on the managerial side. You know, Office of Management and Budget.

If I may digress for just a moment, I was staff member at the time for my predecessor in Congress, Mr. Blatnik, who was then Chairman of the Executive and Legislative Reorganization Subcommittee of Government Operations when the Bureau of the Budget was changed in nature and structure and operation, and the word "management" inserted.

The term "management" preceded the term "budget" with a very specific purpose: to have a much broader role in evaluating the operation and effectiveness of Government agencies.

I think there is a mixed review on how well that agency has done on the management side of things, but it certainly has used

that authority to involve itself in the internal operations of Government agencies for a wide variety of purposes. Not all of them have been related to budget. Some of them have very significantly related to management.

What is the role of OMB here? And in responding, I want you to think about the earlier questions I had about the Office of the Secretary and its involvement in the mission and operations of the agency going beyond policy and into specific decisions.

Mr. MEAD. Well, certainly there is a budget side. And you stipulated that in your question to me. On the regulations side, you know, there is OMB activity there.

I cannot speak exactly to what their activity has been with FAA. I can speak to their activity with FHWA highway safety regulations. And I do not know why it would be any different for FAA regulations.

They send their regulations over to OMB. And I think OMB reviews those regulations under the rubric of the Paperwork Reduction Act and makes various comments on those regulations.

That has been a point of contention for some time about why OMB is getting involved in the regulatory process. Whether the OMB involvement maybe goes beyond just the paperwork implications of regulations and maybe gets to a more substantive question of whether they like the regulation at OMB or not.

Mr. OBERSTAR. Well, I think that is an area of some interest, if there were a major restructuring of FAA within the Office of Secretary, to give it as Mr. Halaby suggested this morning, autonomy within the Department.

Mr. MEAD. Absolutely.

Mr. OBERSTAR. Such autonomy might well be superceded by involvement by OMB on management issues and may have policy implications as well.

Mr. MEAD. Absolutely. And, of course, on budget issues.

Mr. OBERSTAR. Yes.

Mr. MEAD. They would have to go through there. In fact, to return to the point I was making earlier, Mr. Chairman, on FAA's internal capacity to look at itself. If FAA were to be pulled out of the Department, say tomorrow, it would have a problem working the ropes over at OMB. It truly needs, right now, the help of the Department in working that budget through OMB. And that is because FAA does not, on its own, have a sufficient internal capacity developed to work that budget through OMB.

Mr. OBERSTAR. Well, that role was taken over by the Department when the reorganization or rather I should say the organization of the Department of Transportation took place in 1968.

Mr. MEAD. That is right.

Mr. OBERSTAR. It was all the constituent agencies that were brought together to create the Department and lost their individual identity and their individual direct relationship with the other budget, later OMB.

How would autonomy within the Department of Transportation work for the FAA and would it work? How would you envision the suggestion of Mr. Halaby of having some autonomous role for the FAA within the Department?

Would it be something greater than the St. Lawrence Seaway enjoys now within the Department?

Mr. MEAD. I am not certain that I would envision the FAA if it had a fixed term administrator that you would necessarily have to do that much to the charter of the FAA to effect its relationship with the Department one way or the other.

I think the number one issue you sit on here is the leadership at FAA, having stable leadership. I do not see why you could not have a fixed term administrator there and retain at the same time the basic charter of the agency. So, I would not envision FAA being autonomous of the Department of Transportation.

Mr. OBERSTAR. He was suggesting autonomy within the Department. I am just not clear how structurally or if there is a model anywhere in any other Department of Government where there is an autonomous agency that stays within the Department.

I guess your response really is give a fixed term to the administrator. That establishes a certain degree of autonomy.

Mr. MEAD. Together with the changes that were being suggested for the trust fund, I certainly think so. A fixed term administrator, coupled with changes to the trust fund along the lines we were suggesting so that it is a stable, all inclusive FAA funding mechanism, would go a long way toward dealing with the problems.

If we stop to think about it, the OST arrangement that has been in place for many years now puts OST at an advantage over FAA. After all, the OST people have been there for a while and they have many staff. And the FAA is constantly turning over at the top. So, I think just the fact of having somebody in place at the helm at FAA for 6, 7 years will go a long way towards addressing that problem.

Mr. OBERSTAR. Well, I certainly agree with that and the independence of the trust fund from the predations of all those who have an interest in covering up the deficit, from committees of Congress to administrations, one after the other.

It is, I think, a very important matter and would be a very significant mark of progress. But, of course, I think somewhere in your testimony you referred to a operation of the agency and relationship to the trust fund.

But the trust fund was not intended to cover pay, for example. It is only intended to cover—Well, I should not say only, it is intended to cover other items, but not pay.

Mr. MEAD. Point well taken. And, of course, the trust fund for some time has been able to pay a portion of the salaries and expenses.

Our point is if you are going to look to the general fund to pay 3, 4, 5, 6 billion dollars a year in work force salaries, it is "fair gain" for OMB or OST to weigh the importance of the FAA work forces and funding requests as against the needs of other Federal programs. Because after all, the Federal Safety Work forces are looking to the general funds as their funding source. And if the trust fund were changed so that it was viewed as an all inclusive funding source, then the arguments about, "Well, this needs to compete with other Federal programs," would be inappropriate.

Mr. OBERSTAR. Well, that is a matter that we would like to pursue further. There are some other implications and some ques-

tions about how CBO might score funds into the trust fund, and to whom, and for what purpose, and obligational ceilings imposed by the Appropriations Committee, and whether off budget status would exempt the trust fund from obligational ceilings.

Whether you can ever get a Federal Government-authorized and imposed tax out from under the clutches of the Appropriations Committee is a real question.

That is more a legislative issue, perhaps, than a GAO question, but it is one that we need to pursue further.

I would like to focus for a moment on the procurement side of issues. The FAA, as I said at the outset, is in the business of procuring some very complex systems and a wide variety of systems to 90 projects in all all; of which involve very high technology, and some of which are the leading edge of technology in their field.

Let us compare the way in which FAA conducts procurement to the way in which the Defense Department does procurement, one system, the B-1 Bomber, cost in the neighborhood of 100 billion dollars.

It was very new technology in some respects. But the idea of the B-1 Bomber has been around for at least 15 years. And finally in the Reagan administration it was funded.

I am not an advocate of the B-1 Bomber. I consistently voted against it. It was a very costly and wasteful system.

And, now, in testimony before the Budget Committee, the Defense Department said, "Give us another 8 billion dollars and we will fix it good so it will work, so its radar will work and so its fuel tanks will not leak, and all the rest of the things that are needed to be done. It is just another 8 billion dollars. We will have a great system. And then when we are done with that, folks, we have got a new one for you, B-2. It is only 500 million dollars a copy."

It seems to me, with all the criticisms of FAA for the way in which procurement has been done, they have done a little bit better on many of their major systems than the Defense Department has done and is dealing with only a single system within a particular agency.

What can we learn about procurement and how can FAA respond to dual criticisms? On the one hand that it has moved too slowly, that it has not moved fast enough to implement new technology to deal with the rapid advances in aviation; and on the other hand, as GAO has from time to time pointed out, it has moved too quickly. The Microwave Landing System was one example. You have given us other examples of moving too rapidly and not following the OMB Circular about procurement procedure on a phased basis.

Mr. MEAD. I would like to defer to my colleague from the Defense side of GAO and tell you what life is like over there.

Mr. OBERSTAR. Yes, do that.

Mr. MATH. Thank you, Mr. Chairman. We are talking about complex systems obviously and you recognize that. I think there is a great deal of parallelism between FAA, DOD, any Federal agency and commercial industries in the acquisition of major systems.

There is definite criteria that should be followed. And we, over time, have reiterated what that criteria should be. For example, I listed ten points, some of which or almost all of which, are con-

tained in OMB Circular A-109, but you have to start out with clearly defined and achievable requirements.

You have to have competition and prototyping to the maximum extent possible. And you need realistic cost estimates as well as realist budgeting. Adequate funding, top management reviews, adequate information, and of special importance, adequate testing in both the development and the decisions prior to going into production.

You need qualified people. And you need continuity of people, not only the program manager should be qualified and have the skills to manage technical programs, but they should be there long enough to be held responsible and accountable.

You need to protect logistics and other important personnel in training issues when pressure comes on the budget to reduce procurement funds.

And I think, again, this not only is reiterated within the Department of Defense and the Federal agencies, but was reaffirmed recently through the Packard Commission, which looked at defense management.

They looked at successful commercial programs, major acquisitions. And they reiterated the type of points that I mentioned there.

The need for stability. The need for clear lines of authority and responsibility. The need for small groups, highly trained, and quality people.

The need for communications, adequate communications at key decision points. And also the need for prototyping and testing. The examples that were discussed today and that I have read in other GAO reports and testimony, are problems and concerns in major acquisitions when one of these criteria or more than one of these criteria is not fulfilled.

And why are they not fulfilled? I think in the defense side of the house, Mr. Chairman, there are a lot of major acquisitions. There are over 100 major acquisitions.

And by major acquisitions in DOD, that means that 200 million is planned for in the R&D phase alone, and/or one billion in production funds. And those are called selected acquisitions or major acquisitions because of the high dollar value involved.

And I think what has happened in the Department of Defense, is the major problem of affordability. There are too many systems chasing too few dollars.

And what happens is if you are a program manager and you can set up the best acquisition strategy, you can include techniques such as having two or more contractors involved in the very early stages competing for the design and the development of a system.

Carrying it through prototyping, not just paper design. You can provide for adequate testing, adequate logistic support, people, et cetera. Then you run into the problem you have to cut the budget.

And in lieu of setting priorities on weapon systems, in lieu of making vertical cuts, what all too often happens is we make horizontal cuts. Each program takes a little bit of the cut. When you take a little bit of the cut you start getting away from effective acquisition plans such as keeping two or more contractors in as long as possible in full scale development.

You end up in deciding that you are going to buy a system on a paper design. You do not know if it will work. You see that it has some technical capability but it is on paper. You cannot test it either in development or just prior to production.

So, I think the affordability issue and the problem of not setting adequate priorities when you have a significant number of systems that you have to fund and acquire, is a major problem and the major detriment to fulfilling the acquisition plans in support of the criteria that has been laid out in A-109 and by various commissions and agencies.

Mr. OBERSTAR. Are there examples in the NAS Plan other than the Microwave Landing System of where the A-109 process has not been adhered to?

Mr. LI. Mr. Chairman, through the documentation that is available to us, the historical audit trail of their acquisitions, there is one in particular that I think is noteworthy. That is the Flight Service Station Project.

Mr. OBERSTAR. I fully agree with that. Go ahead.

Mr. LI. As you know, I am sure, that is the project where FAA decided to automate providing weather and flight plans for general aviation.

However, what happened as part of that big consolidation project is that FAA bought the system without the software having been developed. What eventually happened was that computers had to be stored for about 2 years while they were trying to develop the software.

I think that had A-109 or the circular's intent been applied, FAA would have had the whole package together. It would have had the hardware and the software working before it committed to production. Because it did not do that, FAA ended up buying all these computers, and did not know what to do with them besides storing them. FAA waited for the software to be developed, and when the software was ready, that is when they installed it.

Mr. OBERSTAR. Mr. Math, Mr. Li, based on your analysis, do you think that a major restructuring of FAA's procurement system is necessary?

Mr. LI. I think—this is an opinion of mine—as I have looked through all of the acquisitions in FAA, I have often wondered why they have not been more innovative in the way that they procure things.

I think that FAA and DOD probably are very stringent in the way that they develop specifications and the way they go through that whole process.

I think that if there is something to be gained from streamlining the acquisition process, it is in trying to reduce the number of layers of approval through which you go through. One of the recommendations in the Packard commission was to have a much smaller cadre of people that would be responsible for managing the program.

In FAA, when you develop a system, it has to go through so many of these organizations like air traffic who are the users, and it goes all the way from the top all the way to the bottom. They have to sign all the papers for approval for that particular system.

If in the beginning of the acquisition, a designated cadre of people from air traffic was identified, then they would be held responsible for all the approvals from there on and we would not have to go through layers and layers. I think that is one innovative thing that FAA could probably do.

Mr. OBERSTAR. What level of involvement is there in procurement on the part of the Office of Secretary?

Mr. MEAD. A great deal in reviewing these major acquisitions. I am glad you asked that because that is something that I am not sure that even OST really, in its heart, wants to do.

The fact is that they have got the capacity to do it right now. And that capacity needs to be built in at FAA so you do not have that level of DOT involvement at each phase.

I recommend that if you take that approach, the capacity should be built in somewhat independent of the program office. In other words, somebody outside the program office should be quizzing the program office. "Does this make sense? Have you really considered the alternatives before vesting in a particular approach and with a particular contractor?" But there is no reason the FAA could not build in this capacity.

Mr. OBERSTAR. Mr. Math, I found your comparison with the DOD procurement very very helpful.

Mr. MATH. I would agree with the stream line. And as Allen said, the Packard commission, one of their priority recommendation was the streamlining activity.

And the central focus of a single person responsible for all acquisition and procurement policy. They set up the under Secretary of Defense for acquisition.

They recommended that and eventually legislation was passed to achieve that goal. Put all the responsibility for procurement acquisition policy in one acquisition executive.

There was a complaint or concern and it was verified in various GAO efforts that, again, as Allen mentioned, that there are significant amount of review levels or layering. There were reports by program managers that they had to brief as many as 70 to 80 people in a year. They were basically briefing and supporting their programs and did not have much time to actually manage the programs.

And so the recommendations were, "Well, let us put them back on the management line and get them away from so many layers."

So they set up basically three layers. A service acquisition executive in the Service Secretary Office, and then they have a procurement executive officer that is normally in one of the large buying commands in the services, and then you had the program manager.

So the program manager has two layers above him to report to in hopes that that would reduce the layering.

Well, there is a culture built up as you well appreciate, in any organization, and it is going to take some time before that culture is broken down and those stream lined layers truly become the decision paths.

And right now, we are seeing that in a lot of cases, this may be just an overlayering of those three layers in existing organization and we really have not streamlined the process as much as we had hoped or as much as the Packard commission had hoped.

Mr. OBERSTAR. Can you take that model then of the assistant secretary for procurement in DOD and apply it to the FAA?

Mr. LI. I thought about that this morning when Mr. Halaby referred to it. I am not convinced that that would help things, Mr. Chairman.

The reason why I do not think so is because you need somebody to follow each one of these systems from cradle to grave. If the acquisition executive has the responsibility for just acquiring the system, once it is built, he will just hand it off to whoever has to install it. I think there is a disconnect here. I think you have to have some continuous accountability.

So, if there is an acquisition executive, I think that a caveat has to be put that there is a follow through with his product. I think that is very important.

Mr. MEAD. But there is a larger responsibility. In fact, we are encountering problems now. The next big wave of problems with the National Airspace System Plan, will be, in fact, that nobody has fully thought through how we are going to install the systems in the field.

There are some examples of where they have gone out and acquired radars, but did not think through where they were going to actually put these radars. They assumed that they were going to put them on the airport towers. And it turned out the airport towers would collapse if you put the radars on them. So, they have had to go back and adjust the radar towers.

Allen's point is that this issue needs to be thought through as part of the overall procurement process, and that process should include installation.

Mr. OBERSTAR. Is there a role for an assistant administrator for procurement to assure conformity, if not uniformity of procurement practices?

Mr. LI. I agree with that. I think that as far as insuring that each one of the major systems goes through some of these disciplined processes that both Paul and I have been talking about, I think that would definitely be a plus.

I think that would be a reason that you would want to have an acquisition executive. My only point was that I think you have to insure that the full scope of that particular process is understood.

Mr. Math reminds me that is the reason why you have people in logistics. But FAA's organization is not as well defined as that in DOD. And if we did build in an acquisition executive, we have to insure that all of his duties are fully defined.

Mr. OBERSTAR. Provided also further that this office does not in itself become a big bureaucracy massaging further papers.

Mr. MEAD. That is correct. I agree.

Mr. OBERSTAR. So, very helpful to understanding the operation and effectiveness of the FAA is to understand more about procurement.

You have answered a great deal of the questions that I had and started out with. And that is it is not entirely due to structure that these delays have occurred. There have been changes in technology, been some changes recommended even by the contractors as matters went along.

But there are some internal processes that can be stream lined. There is some merit in having an assistant administrator for procurement to assure conformity and uniformity generally in practices and procedures.

But GAO generally has been pessimistic about the chances of FAA achieving its goals or even far from goals, the needs of meeting growth in air traffic with the systems necessary to accommodate that growth in traffic in the time frames in which that is necessary.

Should not the agency simply admit to itself that it is going to take many years to accomplish those objectives and then set realistic time frames for achieving those objectives?

Mr. MEAD. I think an important ingredient in the idea behind a fixed administrator is to create a climate where you can have a little more openness with FAA, and the Congress, and everybody else concerned.

It is time for some openness on this NAS Plan.

Mr. OBERSTAR. Yes.

Mr. MEAD. This is not an issue that is isolated to the NAS Plan. It has been in the work forces and every other area at FAA that I can think of where you almost have to bludgeon the agency into acknowledging that there is a major problem.

That is happening in the NAS Plan area. That is why we are saying, "Look, the NAS Plan is not going to cost 15.8 billion dollars. And the NAS Plan does not reflect all the modernization projects and schedules and you should change the plan so that it does. And to tell Congress what you plan to accomplish and when, and what all your projects are." With a new administrator, perhaps this will happen.

Mr. OBERSTAR. I think that is quite right. A new administrator comes on board. There is immediate expectation in our American spirit of tabula rasa, the swept-clean blackboard.

The new broom sweeps clean, now the new administrator is going to make all things right and well. All these problems will disappear. We are going to put the new guy in charge and then it does not happen because the structural problems are there.

Keeping an administrator in place may do a whole lot more good.

Just a couple more areas of inquiry. Staffing standards: last year you testified at our hearings about staffing standards, and the need to have standards for each of the various facilities in order to determine whether the facilities are adequately staffed.

Unless you have standards, how can you judge whether 80 people in the tower at Chicago are enough or insufficient or too many?

You have also said that the FAA is not likely to meet its FPL staffing goals in the time frames established for that purpose.

You have testified to that this afternoon as well.

Why not? What is happening with staffing standards? What is happening with the speed up of recruitment? You addressed that issue just briefly earlier?

Mr. MEAD. I want to refer to Tom for the staffing standards response. In general, why are we not optimistic about FAA meeting staffing goals in the FPL category.

Some quick figures. In 1986, they had 9,528 FPLs; 1987, 9,798; 1988, 9,858; 1989, as of February, it had gone down a bit. And they are supposed to get to 12,700 by the end of 1990.

As the past several years would suggest, an increase of 3,000 seems quite ambitious.

Mr. OBERSTAR. Just simply not going to make it. Physically it is not possible to. To be certified FPL in the pre-1981 days, took roughly 5 years.

FAA has tried to compress that time frame down to 18 months. That does not seem to be working though.

Mr. BARCHI. No, it is not. Particularly when you consider the fact that for every FPL, you have to have somewhere in the neighborhood of 100 applications.

You are still experiencing a 40 percent attrition rate at the academy, anywhere from 10 to 15 percent attrition rate when the individual is placed at a facility.

So, you are talking about huge numbers just to produce a relatively small number of FPLs. You are absolutely correct. While they have tried to compress the time frames, that has not worked to their advantage.

Relative to the staffing standards question, Mr. Chairman, it is the good news, bad news story. The good news is they recognize that there is a need. We have worked with them at length in terms of pointing out what we think needs to be done relative to improving the staffing standard.

I guess the bad news is that they have retained a contractor to do just that. And as best we can tell, that is an ongoing initiative. They would anticipate having that done during this fiscal year. But that too is experiencing some delays.

Mr. OBERSTAR. Thank you.

Mr. MEAD. Do you remember your point at last year's hearings, Mr. Chairman, that staffing standards become much more important as we get closer to the point where we think we may have enough people at different locations.

And in some locations now, the numbers are beginning to look more better. And staffing standards are becoming more important. So we hope to see this effort brought to fruition.

Mr. OBERSTAR. Thank you. The gentleman from Pennsylvania.

Mr. CLINGER. Thank you, Mr. Chairman. I just have one question and that has to do with the tension that exists between the dual roles of FAA, to promote aviation.

The other is to basically regulate it and provide for safety. There is the suggestion in some corridors that those two roles are not consistent. And that, in fact, one may be sacrificed to the other.

In other words, if we are promoting aviation, are we then running the risk of somehow reducing the safety margin as a result?

Do you have any comment on that? Do you have any sense that there is any validity to that argument?

Mr. MEAD. I found the comment Mr. Halaby was making this morning very interesting. And interesting enough to write down some notes on it. I think the committee should be very careful in trying to define an absolute distinction between this promotion of air commerce and safety.

One thing the NAS Plan is supposed to do—starting in the early 2000s—is to accommodate more planes in the sky and allow them fuel efficient, as the crow flies routing, between the point of origin and point of destination. Now, it seems to me it is a fine line between accommodating air growth and promoting an efficient air system.

So it is just a cautionary note. I thought Mr. Halaby's point about linking promotion to safety had a certain appeal. But I would urge caution before we say, "FAA do not get involved in the promotion of air commerce anymore."

A side point that I do think FAA should think twice about, is research on the tilt rotor plane. It is convenient that FAA has a trust fund that it feels can afford to finance that type of research.

I suspect the rail industry wishes it had a trust fund so that it could finance magnetic levitation rail that Europe is progressing on and the United States is doing little to nothing on to speak of tilt rotor seemed like a promotion of commerce that perhaps went a bit beyond the line.

Mr. CLINGER. I think that is very interesting. We thank you very much for your testimony.

Mr. OBERSTAR. Counsel has a question to be recognized. Mr. Traynham will be recognized at this point.

Mr. TRAYNHAM. A question about FAA's in-house expertise in the technical disciplines. It has been widely felt that it has declined over recent years. And at the same time it has declined, they are continually relying upon people like Martin Marietta for outside expertise and they are able to go out and hire a systems contractor to do that for that sort of expertise.

What is the down side of relying upon an outside contractor for your expertise rather than using in-house people or what is the upside of it, too?

Mr. MEAD. Well, we have a current example I suppose. The costs of the modernization effort at FAA, where do we go to find that information? We go to the contractor. We do not go to FAA.

And when you are talking 27 billion dollars, that is a lot of money. And it seems to us that if you were talking modernization for the next 5 to 6 years, maybe the next 10 years, it makes sense to say, "Why should we build in in-house expertise to deal with this if it is only going to be for 10 years?"

But the more we see of the modernization initiative at FAA, the more we are convinced that it is a long-term undertaking. Administrator McArtor had it right when he characterized it last year as more of a journey that would go on and on and on.

And we believe an important policy question is "Should FAA begin to build in the expertise to make the strategic decisions that it will confront for the future"? Modernization is not going to stop in the year 2000. And if tomorrow you were to tell Martin Marietta, "You are no longer the systems engineering and integration contractor for FAA," FAA would be in deep trouble.

Allen?

Mr. LI. I totally agree with that and I would say the other down side of having a contractor is the overhead that is imposed on FAA in order to manage and monitor the functions of the contractor.

Every 6 months, FAA goes through a big fire drill in order to determine what, award fee the SEIC will get.

It requires them to go through and talk to all the program managers and pretty much give the SEIC a grade. And I think that is disruptive. That is a down side.

I think there is a positive side, too. In our previous comments, we did not mean to understate the SEIC's capabilities because I think that they are providing a valuable service, in many respects, to FAA because the agency does not have that capability.

However, I totally agree with Ken that modernization is something that is going to happen for a long, long time. And I think that perhaps now is the time to think about building some institutional expertise.

Mr. OBERSTAR. I share that concern about contracting out of analytical roles and self analysis. I think the agency loses a great deal of expertise and understanding of its own functions. It loses even some sense of accountability, and creates, as you have rightly pointed out, Mr. Li, another level of bureaucracy to monitor the contractor. But I recall both Admiral Engen and Mr. McArtor saying that the agency does not look at itself very well, and that we need an outside contractor to look at some of these systems that we are doing and review them.

That is quite different, having someone come in and take a look at how well you function, time and management experts. It is quite different from handing over a whole operational phase to an outside contractor. And you have drawn that distinction, I think, very well.

We thank you very much for your testimony. There are many more areas we would have liked to cover, but I think time dictates that we move on to the next witness.

Mr. MEAD. Thank you, Mr. Chairman, Mr. Clinger.

Mr. OBERSTAR. Thank you very much.

[Mr. Mead's prepared statement follows:]

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Issues Related to FAA's Effectiveness

Statement of
Kenneth M. Mead
Director, Transportation Issues
Resources, Community, and Economic
Development Division

Before the
Subcommittee on Aviation
Committee on Public Works
House of Representatives

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to appear before the Subcommittee to discuss several issues that relate to the effectiveness with which the Federal Aviation Administration (FAA) achieves its mission. To improve FAA's effectiveness, several proposals have been made that, among other matters, would remove the agency from the Department of Transportation. Some proposals also would exempt FAA from federal procurement and personnel regulations.

While our work has not addressed directly the issue of an independent FAA, we have reviewed FAA's effectiveness in modernizing the air traffic control (ATC) system and rebuilding its aviation safety work forces. Based on this work, our testimony today will primarily focus on the following:

-- FAA faces difficult challenges in modernizing the ATC system and rebuilding its safety work forces. Actions such as making FAA independent or exempting the agency from procurement rules will not in themselves be sufficient to meet these challenges. FAA needs to strengthen its technology development and systems acquisition process, prioritize its ATC modernization activities, and sustain recent initiatives in the human resource area. This needs to be done regardless of the agency's organizational placement. In addition, greater stability in top FAA leadership would help ensure that corrective actions are properly initiated and sustained.

-- Funding needs for ATC modernization and FAA's work forces increased this year and will intensify greatly over the next several years. Ensuring that these needs are met without sacrificing the needs of other transportation modes is, in our view, a critical issue in the current debate over improving FAA's ability to carry out its mission.

-- The Secretary of Transportation's initiatives to develop a national transportation policy illustrate a constructive and beneficial side of the placement of FAA within the Department of Transportation. Removing aviation, which is the fastest growing mode of transportation, from the Department could frustrate national transportation planning efforts.

We will discuss each of these points in turn and what the findings of our work suggest regarding improvements to FAA's ability to meet the challenges of the 1990s.

MODERNIZING THE ATC SYSTEM
AND REBUILDING WORK FORCES

FAA is modernizing the ATC system through a program called the National Airspace System (NAS) Plan. Initiated in 1981, the plan provides for a complex and almost total overhaul of the system. Seven years into the plan, costs have more than doubled and significant schedule delays have occurred. FAA also has efforts underway on many fronts to improve and rebuild its safety work forces. Regardless of FAA's placement in or out of the Department of Transportation, sustaining these initiatives will be a major

challenge to FAA, and critical choices face the agency on the future of the maintenance technician work force.

ATC Modernization Issues

Our work shows that the delays experienced in developing systems are related to FAA and its contractors seriously underestimating the risk and complexity of developing highly automated systems. Furthermore, not having sufficient installation personnel has delayed the deployment of some equipment. Exempting FAA from federal procurement regulations or taking FAA out of the Department is not likely to solve these problems. Instead, FAA needs to address the following procurement-related issues.

Reducing Risk Through a Disciplined Acquisition Process. Until recently, FAA did not follow recommended federal guidance designed to minimize risks in acquiring major systems. OMB Circular A-109 recommends a basic procurement principle of acquiring a costly or critical system in discrete phases so that agency top management can decide on whether and when to continue to the next phase of system development. According to the circular, these decisions should be in steps that allow for careful review of the system's concept, validation of its design, and demonstration and testing of its performance before committing to large-scale production. The $1.1 billion Microwave Landing System project did not follow this approach, and production began before the number and location of sites was validated, benefits demonstrated, and

system prototype tested, as recommended by Circular A-109. Major delays and other problems were the result.

The delay in implementing the $786 million Voice Switching and Control System illustrates FAA's underestimation of the complexity of what had to be done. A major reason for the delay in implementing this system is that FAA assumed its needs could be satisfied with off-the-shelf equipment. FAA later found that contractors could not meet requirements without performing extensive developmental work.

Requirements Definition. Common to many FAA acquisitions is that system requirements and related hardware and software were improperly defined at the outset. This happened because some FAA project managers perceived that design problems could be fixed at a later time, even if they required modification during field testing. For example, soon after FAA awarded two Advanced Automation System (AAS) demonstration contracts, the agency modified both contracts to add the requirement for color displays. This additional requirement affected both the program's cost and schedule. As exemplified by FAA's acquisition of flight strip printers, such situations can be costly and time-consuming because established designs have to be changed in the middle of production, and installed units in the field may have to be retrofitted.

Testing. FAA can improve the effectiveness of the modernization program by building in the time for testing systems before making commitments to buy equipment in significant quantities. Testing reduces the risk of acquiring systems that do

not work as expected, as well as the cost and time that otherwise might be needed for retrofitting. FAA has taken several encouraging actions in the testing area for some of its systems and, with appropriate follow through, this will reduce risks and increase confidence that new technologies will work in an operational environment.

Field Implementation. In the near future, FAA will be faced with a significant increase in the number of systems it must install in the field. However, despite being directed by the House Appropriations Committee to do so by February 1989, FAA has yet to establish the size of installation staff it will need. We believe that the staff size will be substantial if FAA is to have any chance of meeting its current schedules. Furthermore, FAA's reliance on contractor support requires a clear identification of contractor duties and interrelationships.

On the positive side, FAA headquarters plans to improve the guidance it provides to regions by establishing a "first site" concept. The first site associated with a given system will develop more detailed plans and, in turn, share them with other sites. The first-site concept should facilitate installation of the systems at subsequent sites.

Scope and Cost of ATC Modernization. FAA needs to come to grips with the expanding scope and cost of ATC modernization. We testified in April of this year that FAA's $15.8 billion estimate to complete the NAS Plan does not reflect all projects needed to meet NAS Plan goals and objectives. We also pointed out that the

total cost of modernization may reach $27 billion through the year 2000.[1] This is because more projects have been added, modernization projects characterized by FAA as non-NAS Plan have been defined, and additional changes to existing projects have been identified.

Our April testimony noted that the $1.9 billion facilities and equipment request for fiscal year 1990, which represents a 41 percent increase over the fiscal year 1989 request, is an indication that a bow wave of funding needs for the modernization effort is beginning. Indeed, on the basis of information generated by FAA's systems engineering and integration contractor, FAA would have to request almost $4.5 billion for facilities and equipment in fiscal year 1991 to meet current modernization schedules. We recommended that FAA revise its modernization plan to identify all needed projects and their benefits, costs, and schedules so that relative priorities can be set on the basis of mission need and safety considerations.[2] FAA has not yet responded to our recommendation, but the agency needs to set priorities if it is to responsibly manage the modernization program.

Rebuilding FAA's Work Force

We have reported over the last several years that management of FAA's safety work forces needs improvement in several areas, including recruiting, hiring and training. We are encouraged that

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[1]FAA Appropriation Issues (GAO/T-RCED-89-20, Apr. 4, 1989).

[2]Air Traffic Control: Continued Improvements Needed in FAA's Management of the NAS Plan (GAO/RCED-89-7, Nov. 10, 1988).

FAA has recently launched numerous initiatives in these areas. These initiatives are long-term in nature and will require continued management support if they are to be brought to fruition. Even with these initiatives and the progress it made this year in hiring and certifying new controllers, FAA is not likely to meet full performance level (FPL) controller staffing goals in the time frames established. The agency also faces a major policy decision on whether equipment maintenance will be done in-house or by the private sector.

Streamlined Recruiting and Hiring. To improve recruitment, FAA has announced efforts to identify, attract, and hire the most talented individuals available. FAA plans to establish a national recruitment team and is upgrading its advertising and recruitment materials. As we reported in September 1988, FAA has not had such a program in the past, relying instead on individual regions to meet its needs.[3]

FAA also has established a streamlined hiring process for controllers, and it plans to expand the process to other safety-related occupations. Under this program, the hiring process can be reduced to about 45 days from an average of about 1 year. FAA has hired 150 controller candidates through this "fast track" program since its implementation in September 1988.

FAA's efforts to improve recruiting are laudable; nevertheless, the agency has made limited progress in rebuilding

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[3]FAA Staffing: Recruitment, Hiring, and Initial Training of Safety-Related Personnel (GAO/RCED-88-189, Sept. 2, 1988).

the controller work force at the FPL level. As you know, FAA has sought waivers from meeting congressionally mandated goals for FPLs during each of the past 2 years and it is unlikely that current-year goals will be met. Furthermore, between now and the end of fiscal year 1990, FAA must increase the overall number of FPLs by 3,100. Providing quality training for such an unprecedented increase within such a short time is a major challenge for FAA.

To attract personnel to difficult-to-staff locations, FAA also proposed to implement a 5-year pay demonstration project in June 1989 that would provide up to 20-percent bonus pay for FAA employees at selected locations in the Chicago, Los Angeles, San Francisco, and New York areas. The objective of this project is to attract more experienced employees to these facilities, and reduce overtime. FAA also is studying its pay and classification system. This study is expected to result in proposals for a new compensation system later this year.

Recently, the House Appropriations Committee expressed its concern about the broader implications the demonstration project could have on the morale and job performance of controllers and other employees not covered by the project. The Committee has directed that the bonus pay be reduced to no more than 10 percent and that the project duration be decreased from 5 years to 2. The Committee also limited implementation to the Chicago Air Route Traffic Control Center and O'Hare facilities.

Training. Inadequate training can lead to tragic events. With this in mind, FAA has made a commitment to provide quality

training for its controllers. FAA plans to modernize its training programs by upgrading both its training curricula and technology. This modernization, long overdue, is expected to last through 1994. FAA also is studying the role of the FAA Academy in providing training and how best to provide that training. The agency's budget speaks to this increased awareness by requesting funds for greater use of training simulators and automation.

Our recent work on controller training substantiates the need for FAA to upgrade its training equipment and reduce the labor-intensiveness of its current training. FAA headquarters also needs to develop an adequate management information system to ensure that employees are receiving quality training.

Maintenance Work Force Staffing Shortages. We are concerned that FAA's field maintenance work force faces reduced staffing in fiscal year 1990. Because FAA has yet to develop an adequate pipeline of new hires to replace its existing maintenance work force, the agency faces a growing shortage of maintenance technicians. Because NAS Plan delays will require existing equipment to be used longer, the agency will soon need more maintenance technicians in order to provide adequate maintenance for the ATC system. This problem is becoming more urgent because over 50 percent of the current work force is eligible to retire by 1995. Unless sufficient numbers of maintenance technicians are recruited, hired, and trained, FAA may be required to contract for maintenance services rather than perform them in-house. It is clear that resolution of the maintenance work force staffing

shortage needs to be addressed regardless of whatever personnel rules apply to FAA or possible organizational changes.

FUNDING CONSIDERATIONS

Funding needs for ATC system modernization as well as FAA's work forces will intensify greatly over the next several years. Only one of the NAS Plan's 12 major systems--the Host computer--is totally operational. As more systems reach the implementation stage, more funds will be required. Further, most of FAA's work forces are being increased, in several cases substantially, and significant funding will be required to cover these increases. If FAA is to meet the challenges it faces, it will need to request and receive a predictable and sufficient flow of funds.

Due primarily to slower than expected progress in the NAS Plan, the balance in the Aviation Trust Fund, which is the funding source for capital development of the nation's air transportation system, currently exceeds outstanding commitments by almost $7 billion. In that sense, the trust fund has a surplus. However, this surplus will be needed in the years ahead. Further, the various FAA work forces must compete for funding with other federal programs because (1) the trust fund does not take in enough revenue to cover all work force salaries and (2) the trust fund legislation significantly restricts the fund's availability to cover these costs. Therefore, an all-inclusive funding source for FAA operations, financed entirely by those who use the aviation system, does not exist.

Reports by the President's Aviation Safety Commission and the Congressional Budget Office provide analyses of the effects of a proposal for greater use of the Trust Fund to finance all FAA costs, including most work force salaries and expenses. This proposal corresponds closely to options we provided in two reports to the Congress.[4] The Aviation Safety Commission's report concludes that any significant change in the trust fund's role in financing FAA will quickly eliminate the annual surplus. Consideration, the report adds, will have to be given to changing the current tax and fee structure. While changes in the use and revenue base of the Fund clearly would require legislation, they could be accomplished in a way that retains congressional authorization and appropriation oversight.

We recognize that widespread concern exists that trust fund spending will be restricted due to the pressure to reduce the deficit, and that this concern could persist even if the fund were made available to finance all FAA operations. Concerns over the Aviation Trust Fund operations are not limited to that trust fund alone. Fiscal year 1989 budget documents show that over 150 trust funds existed government-wide in 1987. Other trust funds, including Social Security, also have surpluses, and surpluses in these trust funds are offsetting a portion of the huge deficit on the non-trust fund side of the unified budget.

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[4]Aviation Funding: Options Available for Reducing the Aviation Trust Fund Balance (GAO/RCED-86-124BR, May 21, 1986) and Transportation Issues (GAO/OCG-89-25TR, Nov. 1988).

In GAO's work on budget issues, we have become increasingly concerned about the extent to which trust fund surpluses "mask" the severity of the deficit on the non-trust fund side of the government's operations. Specifically, the $150 billion total deficit reported for fiscal year 1987 does not reveal that the non-trust fund deficit was actually about $223 billion, offset by trust fund surpluses for the year of almost $73 billion. We have issued a report on this problem, and have included suggestions on structuring the budget to facilitate the kind of analyses needed to assure a proper budget relationship between trust and non-trust operations.[5]

FAA ORGANIZATIONAL CHANGES
AND NEED FOR STABLE LEADERSHIP

In April 1988, the Secretary of Transportation released the Report of the Secretary's Task Force on FAA Internal Reforms. In commenting on the regional FAA structure, the report stated that Associate Administrators with responsibility for major programs had no line authority over program implementation and operations. The report further stated that this resulted in inconsistent application of regulations and hindered FAA's ability to carry out program goals and concentrate resources effectively.

In response to this report, in July 1988, FAA announced a major realignment of its top management and regions. It established four Executive Directors and reduced significantly the

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[5]Budget Issues: Trust Funds and Their Relationship to the Federal Budget (GAO/AFMD-88-55, Sept. 30, 1988).

number of key officials reporting directly to the Administrator. Other changes included direct reporting by regional program division managers to the cognizant Associate Administrator, a relationship FAA calls "straightlining."

This organizational change is still undergoing implementation, and it is too early to conclude whether it will satisfactorily resolve problems identified by the Task Force. However, in our review of FAA's Research, Engineering, and Development program, we found that establishing a new management structure headed by an Associate Administrator and making other procedural changes were positive steps toward sharper focus of research goals and objectives.[6] For example, FAA now plans to convene interservice working groups to develop research requirements and budgets. This was not done previously. In addition, reforms to streamline the acquisition process are underway. FAA is implementing Task Force recommendations to increase the size of the procurement staff. FAA's Acquisition Office has recently been reorganized to permit the establishment of dedicated teams to support major acquisitions.

While these efforts may yield positive results, they have not allayed concerns about the instability and uncertainty occasioned by the frequent turnover of FAA Administrators. If the next Administrator is confirmed in June, FAA will have had three Administrators over the course of 5 years. Apart from questions about what effect this will have on the wide-ranging Impact 88

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[6]FAA Research, Engineering and Development Issues (GAO/T-RCED-89-21, Apr. 12, 1989).

agenda set by former Administrator McArtor, the turnover has occurred at a time when the agency faces what perhaps are the most difficult challenges in its history, including ATC modernization, work force shortages and aviation security.

BENEFICIAL SIDE TO
DEPARTMENTAL INVOLVEMENT

Much of the Congress' reasoning when it placed FAA within the Department 23 years ago was to promote a unified transportation department that would foster integrated planning and policy-making among the various transportation modes. While the extent to which this has been achieved is certainly open to debate, it is not clear to us how this objective would be achieved if aviation--the fastest growing mode of transportation--were removed from the Department. The current Secretary has recognized the need to develop a national transportation policy. Through such a policy, Secretary Skinner intends to provide "a strategic framework not only for identifying needs, but for allocating resources and understanding and promoting a competitive, deregulated economic environment." Planning for the nation's transportation needs at such a level can help identify opportunities for the cost-effective use of alternative modes such as high-speed ground transportation.

In terms of DOT oversight of FAA, we recognize that the appropriate level of departmental oversight can be a question of management philosophy, a function of the relationship between the FAA Administrator and the Secretary, and that instances have occurred when the Department's involvement in FAA affairs was not

considered constructive. However, we also have observed important instances where there was a beneficial and useful side to departmental intervention into FAA's affairs. These included critical safety issues as well as procurement and work force matters. Most recently, Secretary Skinner formed a task force to review the NAS Plan to ensure that scope and funding needs are clearly understood. We view this as a promising step toward recognizing the need to modernize the ATC system in manageable increments.

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In summary, Mr. Chairman, we are not in a position to say whether an FAA independent of the Department of Transportation will better deal with the problems in rebuilding safety work forces and ATC modernization. We do know that systemic improvements along the lines discussed in our testimony are needed in both the work force and modernization areas, regardless of FAA's organizational placement and whether or not the agency must abide by the procurement and personnel rules that apply to other agencies. Funding is likewise a critical issue, regardless of FAA's organizational status. Finally, we believe the importance of national transportation planning and the indispensable role of aviation in that process should be a threshold consideration in the dialogue over whether FAA should be a part of the Department of Transportation.

Mr. OBERSTAR. The next panel is the Federal Managers Association. And we will invite Mr. Maurice Conner, Chairman, Federal Aviation Administration Conference of the Federal Managers Association to come forward.

TESTIMONY OF MAURICE F. CONNOR, CHAIRMAN OF FEDERAL MANAGERS ASSOCIATION—FEDERAL AVIATION ADMINISTRATION CONFERENCE, ACCOMPANIED BY BRUCE L. MOYER, LEGISLATIVE COUNSEL, FEDERAL MANAGERS ASSOCIATION; AND KEN DOLLARD, PRESIDENT, FMA CHAPTER 155 AREA SUPERVISOR IN NEW YORK AIR ROUTE CENTER

Mr. OBERSTAR. And you have associates with you and would you please introduce them, Mr. Connor?

Mr. CONNOR. Yes, sir. Good afternoon. On my left is Mr. Bruce Moyer. He is legislative counsel of the Federal Managers Association. And to my right is Mr. Ken Dollard. He is a area supervisor in the New York Air Route Center.

I would ask that my statement be made part of the record, and I will just zip through a couple of points so we can get on our way here, sir.

Mr. OBERSTAR. Without objection, so ordered. And we want to thank you for participating in the hearing; and for the contributions you have made over a long period of time to the Aviation Subcommittee; and to the Subcommittee on Investigations and Oversight; and helping us to understand better, the internal operations of the agency.

And to focus on ways in which we can improve its operation. And you have come here today at our request to offer those insights and we greatly appreciate your doing so.

Mr. CONNOR. Well, I appreciate your efforts, Mr. Chairman, and those of the committee for helping to identify our problems. I found, a couple of years ago, when we started working on this, one of the more difficult things to do was identify that there is a problem and to work on possible solutions.

What I heard today is really encouraging from my point of view. To get 17 people in the aviation community, especially user groups, to agree to something is significant.

There is a coalition there, with Mr. Halaby at the head, that can be very effective to get these initiatives through and give the support that it requires.

And I recognize you again, Mr. Chairman, for your leadership to get these problems defined.

Now, I would like to talk about a couple of problem areas within FAA that are addressed in my testimony.

Number one has to do with the leadership of FAA. We are currently involved in a program called a Pay Demonstration Project that may fail because of lack of leadership within FAA.

There are a lot of frustrated senior executives within FAA because this program is in trouble. They developed a program that will work to attract experienced controllers to facilities where they are needed.

And for lack of 5 million dollars or so, the program is in danger. I submit to you that the cost of air traffic delays incurred this

summer or next year at those facilities because we do not have those experienced people may well exceed 5 million dollars.

Next, I would like to talk about the regions. We have been particularly concerned about the regional structure of FAA for a number of years.

We spoke with Mr. McArtor a couple of years ago about the regions. When he ran his reorganization by us, with the executive level change and things of that nature, he told us then not to stop pushing the legislation.

And I think he recognized that once he was gone, we would have another reorganization, and things would change, and the FAA would slide back into the same mold.

Presently within the FAA, there is some confusion about the reorganization and what the senior executive roles are. The FAA is still trying to define that.

As far as the regional administrator realignment, the FAA has moved to a straight-line framework. But the regional administrators are still having significant impact on the air traffic functions within their regions.

For example, in the eastern region, the regional administrator is requiring that the Air Traffic Division Chief establish a specific office to handle noise complaints.

The gentleman does not necessarily want to do that, but the regional administrator is bleeding his resources off into a project that he thinks has a higher priority than maintaining the air traffic system.

Resources are also lost when region requires a security check before they release a controller from the eastern region to the southern region, for example.

The size of the regions are inconsistent. There is no reason for one region to have 4 centers and 77 towers, and another 1 center and 27 towers. I do not understand that.

They are five fiefdoms. They will remain that way unless the structure is changed and it must be changed by Congressional direction. It will not be done any other way.

We talked about leadership 4 years ago in Indianapolis when the FMA-FAA Conference had a management seminar there. We had people from IBM, General Motors, and organizations of that nature speak.

At the end, I got up and asked a gentleman from IBM, "If IBM had a new chief executive officer every 2 years, would you be in the shape you are in now?"

And his answer was "No way!" It was a little bit more colorful, but that is the best I can say.

Also the other thing we need to do is work on the FAA's funding. I think this is key to the success of any program. We brought this up a couple of years ago. It, for a lot of reasons, changed.

I think unless we obtain secure funding for the FAA, we are going to revisit these problems every year. The Secretary of DOT or an independent FAA will still have the same problems they have now, and for lack of 5 million dollars, we will lose a good program such as the pay demonstration project.

Also, we would like to see in the legislation the creation of an Oversight Committee which would be advisory only, so that we could have a forum such as we had here today.

Such a committee would include the Federal Managers Association, NATCA, and some user organizations. It would be healthy for the FAA to regularly hear from these groups. It would make them look at themselves, which they have difficulty doing.

Also, as we said last year, we see evidence of growing problems that are similar to the situation that existed in the air traffic system prior to the 1981 strike.

It is like we are on a Monopoly board. We have gone south, we are now west, and soon we are heading northbound, but we will never get out of that track. We keep seeing the same things year end and year out.

I can predict that in 12 months we will be seeing employee problems because of frustration, low morale, and things of that nature that preceded the strike of 1981.

There will be no strike, but there may be other problems, such as working by the rules and slow-downs. The controllers are becoming frustrated, some of them are overworked, working 6 days a week.

The FAA recognizes this, and that is why the Pay Demonstration Project is intended to relieve those facilities where they have critical staffing problems.

Mr. Chairman, again, we support your efforts in HR 1633. We think it is the vehicle that will solve many of the problems at FAA. It will not solve all of them. A lot of them have to be addressed internally.

But we are willing to support you in seeking passage of HR 1633.

That concludes my remarks and I would be happy to answer any questions, sir.

Mr. OBERSTAR. I thank you very much. You certainly swept the landscape for us, leaving only procurement untouched. And I think we have had a very extensive review of procurement.

And on that point, if you have any questions or any observations, if you want to make that at this time, I would be happy to hear you.

Mr. CONNOR. Procurement is well beyond my field of expertise. However, some of the things that I heard today from Mr. Mead and also Mr. Halaby should be pursued.

I would leave that to the Chairman and his staff with their expertise.

Mr. OBERSTAR. Thank you very much. The issue of autonomy for FAA as compared to independence of FAA, has been raised today.

The position of GAO in the past has been to oppose or at least to recommend against, independent status for the agency.

Today they cited some additional thoughts about their views. One of which, oddly enough, relates to the relationship between an independent FAA and the Office of Management and Budget, that they would have to add some staffing expertise there.

I would think that is the least of the worries. But I would like you to address the issue of autonomy, as suggested. How could that be achieved within the Department for FAA? The St. Lawrence Seaway Administration has an administrator with a 7 year term, admittedly, very different functions, and a different means of fi-

nancing its operations than does the FAA. I would not call the St. Lawrence Seaway's administrator in any way autonomous.

The FBI, a very different organization with a long-standing, unique status of its own, probably comes closer than any other entity within the government to the model of autonomy that Mr. Halaby was suggesting and to which GAO addressed itself.

What would be your thoughts on the issue of autonomy and the merits of autonomy versus independence as well as the down side?

Mr. CONNOR. I would support FAA independence. Autonomy may start out in the direction that you wanted to go.

But things being the way they are with the FAA and its relationship with the Department of Transportation, depending upon what Secretary or what Administrator we have in office, that autonomy may slide back to the old relationship of micro-management.

The roles would be constantly changing. And these roles do affect the controllers. They affect the supervisors, they affect the managers. They see it. It has problems. The problems are identified down at the lowest level.

So, therefore, we would support independence and move in that direction, rather than autonomy within the Department of Transportation.

Mr. OBERSTAR. What effect does the frequent change of administrators have upon agency morale, operational effectiveness of the people within the agency, and the ability to initiate and carry out plans for the agency?

Mr. CONNOR. We have a rule of thumb that we will wait them out and then, by the time they are gone, we will change things in the vacuum that is created between one administrator and another.

We have had some programs implemented by past administrators that are not very effective. We had a problem several years ago with runway incurrence. The administrator then came out and said we will not use any crossing runway situations at all. Well, if we got into a situation like the one here at Washington National, you would probably run about one-third of the number of airplanes on a daily basis as you do now.

There are cases where crossing runway situations are very safe. It depends upon the controller, the experience of the controller, the weather conditions, and other factors.

A couple of years ago, we get involved in a program where the administrator said the controllers will overlap on position relief.

The relieving controller will stand there for 15 minutes. The controller that is relieved, once he relinquishes the position, will stand there for another 15 minutes.

Well, we change position every 2 hours. So, we are eating 30 minutes up. We did not get any more staffing, no relief was provided for overtime.

So, we fought that. We got that worked out. The changes in administrators, in that way, affect the work force because of the experience factor of the administrator.

The admiral coming from Europe will have to learn the FAA system. It is a very sophisticated system. It has a lot of closets in the headquarters.

It is a lot different than the military system. And I think that when military officials come to the FAA, they are quite surprised at the difference in the civilian air traffic system.

Mr. OBERSTAR. The executive director concept that Administrator McArtor instituted, is it workable? Is it practical? Will it survive?

Mr. CONNOR. Number one, I do not think it will survive because history teaches us with each new administrator, we will have another reorganization.

Every time you have a reorganization, you can feel the uncertainty in Washington headquarters. People stop doing things because they do not know what their role is. They do not know the line of authority, and things of that nature.

So, they sit back and wait for clear signals to be sent from the administrator. The executive director, on one hand, according to Mr. McArtor, limited the number of people that briefed him on a daily basis.

He thought that was better. He was getting information from 4 or 5 sources rather than 12 sources. In that regard, maybe the management structure did help.

We are not quite certain how that is filtered down to the field because in the field, we are still uncertain about the executive directors role.

Mr. OBERSTAR. Thank you. At this point, I will yield to Mr. Clinger.

Mr. CLINGER. Thank you very much, Mr. Chairman. Thank you, Mr. Conner, for your testimony today.

You heard me discussing earlier, with a previous witness, this potential dichotomy between the rather different and sometimes contradictory role the FAA on the one hand, promoting aviation and on the other hand, trying to assure safety of the system.

And you have suggested that the agency should be independent, but I am not sure I see how that particular problem is going to be addressed.

Some have suggested that perhaps the FAA should be, indeed, split. And that the service and air traffic control function should be basically independent or set aside, and that the regulatory and safety functions should be kept within the Government.

What would you think of that kind of an arrangement?

Mr. CONNOR. I think they are so closely intertwined it would be difficult to separate those two things out, the regulatory and the operation of the air traffic system.

I believe, however, that the promotion of aviation should be removed from the FAA. We should pursue safety. We should pursue enforcement.

Mr. CLINGER. You do not see any tension then between the safety and the controlling functions?

Mr. CONNOR. No, sir.

Mr. CLINGER. You do see the potential between the promotion of aviation and safety?

Mr. CONNOR. There are times where there is tension brought in from an external source about the number of airplanes the system can handle on a given day at a given airport. These concerns arise with some of the user organizations within Washington.

And it starts at Washington headquarters and filters out to the field.

Mr. CLINGER. You stress the need for a predictable and assured source of funding for the FAA?

Mr. CONNOR. Yes, sir.

Mr. CLINGER. The need to provide an assurance that programs are going to be funded and not have to worry from year to year. And that, in turn, affects morale, and efficiency, and everything else.

I am not sure whether you said this in your prepared testimony, you are suggesting that all of the operating salaries should be paid out of the trust fund?

Is that what you are proposing?

Mr. CONNOR. Trust fund or some other vehicle. We made several suggestions in our testimony. Number one, a tax, if you will, on airplanes based upon their weight or based upon the number of seats in the aircraft.

That does the same thing as the tax on fuel consumption for aviation right now. Those people that use it the most and derive the most benefits from the air traffic system would pay for it.

There is not a pilot or an airplane in the United States that does not receive some benefit from the FAA in some way. Aircraft certification, aircraft safety notices, the weather briefings, the air traffic control system itself, the navigation systems—Everybody receives a benefit from the FAA in aviation.

Mr. CLINGER. Why adopt your proposal instead of just increasing the tax that is presently imposed?

Mr. CONNOR. That could be done. It was just another suggestion. Something else to look at. Whatever gets the job done is fine.

Mr. CLINGER. Would you want the money raised from your proposal deposited in a general fund or into a separate trust fund?

Mr. CONNOR. Set aside.

Mr. CLINGER. Set aside as a separate trust fund?

Mr. CONNOR. Yes, sir.

Mr. CLINGER. Which, under present practice, would still be under the unified budget and still subject to the——

Mr. CONNOR. I get lost in that sometimes, but I did understand part of that argument. Yes, sir.

Mr. CLINGER. I think you are on record as favoring some sort of a fixed term to give some stability to the agency, a 5 or 7 year term or thereabouts.

And that would not only allow the administrator to put forward a program, but also to be around to see it implemented and provide some continuity.

Also, one of the arguments in favor of that is to insulate the administrator from political pressure of one sort or another. But is not there a counter-argument to that and that is by being insulated and assured of that 7 year term?

He also, perhaps, is not going to be as accountable in his administration as he might otherwise be if he is subject to serve at the pleasure of the president.

Mr. CONNOR. I think there are enough checks and balances within the aviation community and the aviation system that could

bring pressure to bear on somebody that was not performing particularly well or was doing something illegal.

There are enough internal organizations, employee organizations within FAA, and user groups that would bring these problems to the forefront.

I do not think an administrator would escape living under a microscope or a magnifying glass. That would continue because of the nature of the aviation system and the safety-related issues.

Mr. CLINGER. In other words, you are saying just because aviation is so highly visible, people are so very conscious of what goes on there that they have to be accountable?

Mr. CONNOR. Absolutely.

Mr. CLINGER. One of the concerns, if you will, about independence versus autonomy is that with an independent agency, you will be losing the cabinet level status which presently goes with being under the aegis of Department of Transportation.

Does that cause you any heartburn?

Mr. CONNOR. Well, I am down so far on the totem pole that sometimes I cannot see the results of what goes on up there. Some of the things that I have seen over the last couple of years have been negative. And I think it is about time we tried something else.

The micro-management, the obstinent positions taken by some of the political appointees did not serve the FAA well.

Mr. CLINGER. It seems to me that the personality or the particular bias of the administrator tends to color what goes on within the agency.

If you have a fellow whose background is general aviation, why that tends to be the emphasis within the agency. And if it is commercial, it is the other way.

There seem to be different priorities, obviously, that get stressed depending on who has the con at any given time. And that probably is not good for the overall assurance of what we are trying to accomplish with the FAA.

Mr. CONNOR. That can happen, but I must say this about Mr. McArtor. He did a lot of very positive things in the FAA. He changed a lot of people's viewpoint about themselves and about the organization that they work for.

He built a very strong working relationship with the controllers, the aviation inspectors, the airways technicians. He developed that sense of community that was lost.

People would say, "You work for the FAA. Boy, what a screwed up outfit that is." He changed that. And his background is commercial, military, and I believe general aviation.

So, he brought all three of those parts of the house together.

Mr. CLINGER. So, you felt that at least at the end of his tenure, morale within the agency was pretty good?

Mr. CONNOR. Yes, sir. I would say that. And we were sad to see him go to be very honest with you.

Mr. CLINGER. All right. What has happened since then. I mean, now that you are sort of in limbo, has it effected morale?

Mr. CONNOR. That is about where we are at, in limbo. We are all looking around. We are waiting for the other shoe to drop, if you will.

What change are we going to see now? What reorganization are we going to go through? And maybe about January or February of next year, we will have some clear direction about what the agency's priorities are.

Mr. CLINGER. I hope you have a little clearer direction before that.

Thank you very much, Mr. Chairman.

Mr. OBERSTAR. While you were pursuing the very line of questions that I wanted to pick up on myself, and not surprising since we have worked so closely together on so many matters.

I really am concerned about the morale within the agency. From what I have heard from just random comments from people and letters that have come in, some anonymous from people around the country and others that I just happen to bump in to occasionally in a hardware store out here in the Washington area indicate that morale is really low right now.

As you said, the agency is in limbo. We do not have a leader, we do not have sense of direction, we do not know whether to pursue the last batch of reforms that was instituted by Mr. McArtor.

And I share you assessment of Mr. McArtor. I think he did an outstanding job for aviation and for the FAA. I think he understood what needed to be done. I think he was moving in the right direction on a wide range of issues.

But his departure underscores the continuity issue. As you said, well, you know, "the next guy comes in, he has some wacky ideas, we will just wait him out. He will be gone before too long."

In citing the Seattle regional office issue on the overwing exits, you picked up on a major theme and concern of mine that headquarters FAA does not often know what is happening in the regions.

And the overwing exits issue was a major decision of that nature. Whether the decision itself was right or wrong, the nature of it was so significant it was not one that should have been decided by region. It should have had some national perspective.

I do not know whether it is appropriate that the Seattle region should be the locus of certification for Boeing aircraft, or whether the St. Louis region should be the locus of decision-making on McDonnell Douglas certification.

It just happens that those manufacturing facilities are located in those places.

Has anybody ever looked at the overall structure of the agency to see whether this is the best way? Is this really the way to do certification of new type and model of aircraft?

Mr. CONNOR. Ken Dollard will handle that question.

Mr. DOLLARD. Congressman, I think when that was first done, they were looking for efficiency and cost savings. I believe that they delegated responsibility to each region, where it would be most beneficial, where they had the most expertise.

Therefore, Boeing Company being up in the Seattle area, that is where they put the FAA expertise. Not that all manufacturers of commercial aircraft live in Seattle, but I believe that was part of the rationale at the time.

Whether it succeeded or not, I do not know. And I believe that for engines, area that put that responsibility in the New England region where Pratt and Whitney and United Technologies are.

Mr. OBERSTAR. Well, I think that is one of the aspects of organization that needs to be reviewed. It seems to me that straight line authority from Washington to, obviously the practical hands on review of construction of type and model of aircraft has to be at that area where it is occurring.

But there needs to be a longer line of decision making.

Mr. DOLLARD. I think up to that point, Mr. Chairman, that function was in just about every region. I believe that they consolidated the different types of expertise in the different regions.

I believe that is what happened at the time.

Mr. OBERSTAR. I see. To what extent has the Pay Demonstration program induced controllers to apply for transfers to the targeted facilities?

Mr. CONNOR. It has had a dramatic effect on the potential of moving people from facilities to the ones that are critically staffed.

However, the House Appropriations Committee's action that is like a wet towel that has been thrown on the whole process. People are now saying, "You gentlemen have changed the rules, I am now withdrawing my bid. I do not want to move because of the hardship involved. I cannot stand the financial loss of pay to move to Chicago."

The Committee's proposal of only a 10 percent pay differential and then only in Chicago, will not help the Chicago area in anyway, sir. It will keep some people there. It will not attract any new, experienced controllers.

And we can check somebody out in Chicago between 8 and 12 months that has radar experience, it will take 3 to 5 years to check somebody out that comes from the FAA academy.

The benefit will be there a heck of a lot quicker with the experienced controllers. And we need experienced controllers in these facilities that have the high density.

You cannot work people 6 days a week indefinitely in that environment. They are going to have to get out of there. That is why there are supervisors to protect those people.

We would implement flow control to regulate the number of aircraft in and out of a particular airport. I will let Mr. Dollard talk about the affect at New York center.

Mr. OBERSTAR. Please do.

Mr. DOLLARD. Mr. Chairman, I have been in the FAA since 1967. I worked in regional headquarters for a couple of years, but most of my time has been at the New York center in various capacities.

I must say that I have never seen something like this have a worse effect on morale and especially on the young people, on the new controllers, the ones that came in since 1981.

It has just been incredible. They cannot believe this happened. The FAA had given us our final briefing on a Wednesday of when this Pay Demonstration would become effective.

They were even talking about paydays and the rest of it. And 2 days later it fell out. Nobody could figure out what had happened.

Now, I believe the intent of this project is to attract the very best controllers we can find into these high density areas and into those

11 facilities. I guess it is nine air traffic and 2 by standards, I believe.

And our belief is that it is going to do the job. We know the New York TRACON has gotten a significant number of inquiries based on that.

We also know that the way it was drawn up is really what is needed. The 20 percent differential, as an amount, is probably enough to do the job to attract people.

As to the life of the project being 5 years. I heard criticism of that earlier that it could be shorter. Well, when a person is going to completely change their lifestyle, for example that controller that lives in Greensboro, North Carolina who is going to make the career change and move up to the New York area on Long Island to the TRACON or the New York center, he is not going to go up there if he thinks that this Pay Demonstration project will be over in a year or 2 years.

It just is not a long enough period for him to make his plans for his family.

And, finally, we think that the demonstration will help considerably with the overtime situation. It will knock it down. My facility has been on a 6 day work week, for the most part, since 1981.

People are getting tired. It is getting to a point where something has to be done. And new controllers are just not going to help.

It takes us a minimum of 30, 31 months to get new controllers trained. And the FAA is literally asking us to retrain a whole new field of controllers.

Almost the same number that staff the building to get us back up to speed, to cover the losses through retirements, and so on.

So, I just do not know what is going to happen here. I just hope that somehow or another this thing gets worked out because at the New York Center and TRACON the Chicago facilities, and out in Los Angeles, this project is really desperately needed. And it is needed for the flying public.

Mr. CONNOR. And attendant to that issue, Mr. Chairman, is the status of the airways facility technicians, and the number of them that could retire has been stated here today.

I received some numbers from the FAA the other day which I will mail to you. It is a complete breakdown for the next 10 years on their work force, what it will look like.

It does not look good. This Pay Demo project enticed some people to reconsider their retirement plans. Now, that has changed again.

If we keep losing these technicians and we do not replace them, I do not care how many air traffic controllers you have, you are not going to be able to communicate with the airplanes because the radios do not work or the radar is out of service or the computer is down.

We need these folks as much as we need the air traffic controllers, sir.

Mr. OBERSTAR. Well, I too was very disappointed that the Appropriations Committee took it upon themselves to drastically cut the proposal back. I could understand modifying a little bit 6 million instead of 7 million or 5 million instead of 7 million, but to change the nature and limit the location at which the demonstration would take place, seemed to me just excessive.

That, again, is authority the Appropriations Committee arrogates onto itself. And for reasons not fully explained, still, to some extent, a mystery, but largely, at least, related to availability of funds.

They imposed these limits. I think the Secretary went to bat with the committee for this pay demonstration, appealed directly to the Chairman, and by personal conversation, and in writing, but to no avail. Now we may have another opportunity if the Supplemental Appropriation Bill is resurrected and returns to the House floor.

We may have an opportunity in some way to amend it. But I cannot make a prediction at this point. Certainly we would want to have your testimony available, which is now on record, at such time as we would confront that issue on the floor.

I think you would make a compelling, persuasive case for the merits of the pay demonstration program. And, of course, this is something that needs to be done over a period of time.

In conjunction with that, and you said you had some data that you would submit, I would like you to include in that information, the number of requests for transfer when the announcement was made about the pay demonstration program.

Mr. CONNOR. I have that.

Mr. OBERSTAR. And how many cancellations have occurred in the wake of the decision by the committee not to fund the entire program.

Mr. CONNOR. Yes, sir, I will have that for you.

Mr. OBERSTAR. And if you have that by area or region, I think that——

Mr. CONNOR. I think we can get it to you by facility, sir.

Mr. OBERSTAR. That will be very helpful. And I think Mr. Dollard suggested or perhaps you, Mr. Connor, that 20 percent is about the breakpoint. Anything below that you are not getting a significant enough increase in pay to make it attractive for a person to move to a higher cost area and more demanding workload.

Mr. DOLLARD. I think it will depend on the facility, Mr. Chairman. I think that is about right, but it is very difficult to tell.

It sounds like it is okay from the numbers we are hearing from the TRACON that the project would give them significant additional staffing.

Now, hopefully, that would work right.

Mr. CONNOR. And when we testified at the opening hearing in Chicago in December of last year, our position was that the demo as designed was okay.

It needed to go a little bit further because several of the facilities, like La Guardia, Kennedy Tower, were excluded from the demo, but a facility right down the road, the New York TRACON was included.

Now, these places have difficulty in attracting candidates as well as the New York TRACON. And we expressed the hope that FAA and OPM would go back and look at the demographics. Because there is room within the original concept for expansion. The facilities that are there are not necessarily all that need to be included.

Mr. DOLLARD. Let me add something else to that, too, Mr. Chairman. The Los Angeles TRACON and cab, the tower cab, were in-

cluded in the project. And I believe the same thing at Chicago O'Hare.

But in the New York area where we are at, Newark, La Guardia, and Kennedy, which, in reality, are the cabs for the New York TRACON were not included.

It just was very odd to us, did not make any sense at all. And I think that was one of the things that weakened this Pay Demonstration because it did not sound very logical.

At least in that case. And we would urge that everything could be done to bring those three towers into the Pay Demo. It is needed for that.

Mr. OBERSTAR. I am not sure who drew the line on that score. It may have been a budget-driven decision rather than an operational decision.

And whether it was done within the Department or by the Appropriations Committee or at OMB or wherever it was made, I do not know.

But that too is a matter of some concern. Last July, the FAA announced a wide range of recruitment and training initiatives, many of which were aimed at the controller work force. Have they worked?

Mr. CONNER. The recruitment issue, we are not sure where that is. We are not seeing any direct results from that program. I think it is still in the formulative stages. It is not an operational product today.

The training issue, that again is being formulated. It is going to take a couple of years to revamp that system and move it in any direction from what we have now.

We have the capability to simulate any radar or tower situation in the United States. We need to get those out into the field and we need to train our new people on these systems.

And we need to train our new people to operate when the radar or the computer fails. We have a generation of controllers a little bit younger than I am that grew up with the computer. They are dependent upon the computer.

I may not be as dependent upon it because I grew up with little blips with no names on them. I can understand that a little bit better.

We need to transfer some of that experience back into these younger folks, and I think that would help stabilize the system.

What the FAA has done in one area is to move the hiring process up. Well, that is pretty effective. But what they did was dump it on the facility, and now we take a person out of training to conduct an interview, which takes almost all day for one candidate.

And we are losing training specialists to the hiring process. Again, we were not given any resources to do the hiring process. It is not effective.

We are also seeing the decline in the quality of applicants for a lot of different reasons. Number one, because it is a Federal job, because of the Federal pay situation, because of the atmosphere about working for the Government, that they are all lazy and they do not do anything over there.

Why should I receive such little pay and put up with all that stress? We start out with 100 people, we end up with 1 FPL. We cannot afford to do that any longer.

We need to identify the people that will succeed in the program, train them to the level that we want, and put them into the operation.

Mr. OBERSTAR. That is really disturbing because I think Admiral Engen, 3 years ago, was saying that there was a very high quality of applicants and very high capability of new entrants into the air traffic control work force, and a very high degree of esprit de corps.

But I have heard similar comments, recently, within the last year, the quality of applicants has dropped off, and you are reaffirming it for me.

Mr. CONNOR. And also internally, we publish vacancies, say for Norfolk, which I am familiar with, and the applicants that we get are training failures from a Baltimore or a New York Traycon, that are in low-level towers where they can handle that traffic.

But what we are doing is that we are reprocessing training failures. And we are getting to the point where we have to make a decision on whether we take a chance on that individual again or do we go to the academy?

And we should not be in that position at all. We should have a pool of controllers that we can draw from that are trained and ready to go into these high activity facilities.

Mr. DOLLARD. May I make a comment, Mr. Chairman?

Mr. OBERSTAR. Yes.

Mr. DOLLARD. In my particular area in New York center, we have one geographical area. Last year at this time we had 42 full performance controllers.

In a year's time, we slipped back down to 28. And we are up to 33 now. We checked out five new people. But to give you an idea how bad that is, in 1981, about 2 months after the strike, we built up to about 22 controllers.

A year ago, we really had no trainees. We had a class of three trainees. One got a hardship transfer out of the building. One was a training failure. And the other one passed.

So, one out of three, but that is at a level where they are going into radar training. And there is nothing behind them. So, I have no idea what is going to happen the next couple of years. There is nobody there to take anybody's place who retires or leaves.

Mr. CONNOR. And to give you some background on the military controllers that were hired last year, it depends again by facility how they are doing.

Where I am at, we hired eight and we will probably have four of them left next year. We have already had two fail and there are two others that are questionable.

So, we are losing.

Mr. OBERSTAR. Are those the center controllers?

Mr. CONNOR. No, sir, this is in the tower.

Mr. OBERSTAR. Tower controller?

Mr. CONNOR. Yes, these are the ex-military people that we hired under that special program.

Mr. OBERSTAR. And they do not have many in the military who do center type work.

Mr. CONNOR. A little or none. Guam, I believe, is the only place that approaches that.

Mr. OBERSTAR. Right. So, they should at least be prepared for tower work, but you are finding that they are not.

Mr. CONNOR. Again, go back to my point that I made about military administrators. The FAA is so much more sophisticated, the volume is so much higher, there are so many different variables involved in the FAA than the military that they are literally surprised at what we are doing.

And we have to go back and teach the military people our system. They have a totally different system even though the rules are basically the same.

Mr. OBERSTAR. Yes.

Mr. DOLLARD. There is one other thing to keep in mind on that, too, Mr. Chairman. The people that are now in these slots as radar controllers at the different facilities such as mine, most of them now, I would say 80 percent of them or more, maybe 90 percent of them are the post-1981 work force.

And now we kind of look at them, "Well, gee, they are the new people." Well, the new people are there about 7 or 8 years.

They are in their late 20s, early 30s, they want to get on with their career. They want to go into regional headquarters. They want to do these different things and they are all trapped.

They cannot get released from the buildings because we do not have enough people. It is not so much that they want to quit. They want to progress in their careers and they cannot.

And this is very damaging to the morale. We have a lot of highly motivated talented young people in the agency and the air traffic business and they cannot move.

Mr. OBERSTAR. And we may well find ourselves slipping back into the same condition that the air traffic control system was in at the outset of the 1980s.

Mr. CONNOR. Yes, sir.

Mr. DOLLARD. Yes, sir, that is true.

Mr. OBERSTAR. That is the ultimate irony and the worst tragedy of all. With the growth in air traffic, with the enplanements going from 461 million last year to over 900 million anticipated in the mid-1990s, and more competition in terms of the greater demand for air traffic, increased numbers of aircraft in the air traffic control system, you have a declining morale in the work force and declining quality of entering controller, and increasing problems, growth of stress, longer work periods, less leave time, less means of reducing stress for controllers and we may see, again, the frustration that spilled over into the strike in 1981.

Not that I am predicting a strike, but I just think that the conditions clearly are present.

Mr. CONNOR. We see them and there is no question about it. Ken and I went through the situation in the late 1960s, we went through it in the 1970s, we went through it in the 1980s and he and I were in Chicago together and somebody made a comment, and he looked at me and we said, "Here we go again."

And just look at the number of airplanes that have been ordered in the last 60 days, by Boeing, McDonnell Douglas. That is really going to have an impact on aviation.

Not all the other airlines are going to go away. They are still going to be there. We keep getting told, "Well, we are going to build bigger airplanes so they are going to haul 500 people at one time. There will not be that many of them."

We still have not reached that point yet.

Mr. OBERSTAR. No.

Mr. DOLLARD. Mr. Chairman, we worked very hard to rebuild the system. All the first line supervisors, the senior controllers that were still there after 1981, and the work force we built is top notch.

Again, I cannot say enough for the young people that are the controllers of today. They do a heck of a job. They handle more traffic than we handled before 1981. And they do it very well.

To me it is personally frustrating and makes me mad to think that we are slipping into this kind of a situation where we have such a dissatisfied work force which does not have to be that way.

You know, our harmony between the two groups just falls out the window. We have a bad situation. We are not paying attention to the job.

This can happen because of what is going on. It does not have to be if the proper things are done now.

Mr. OBERSTAR. Those sobering insights may be a good point in which to conclude this hearing.

Thank you very much for sharing so much time, and your thoughts, and your insights into aviation, and the structure and operation of the FAA at the worker level.

Mr. CONNOR. We thank you for those comments and we are at your call anytime, sir. Thank you very much.

Mr. OBERSTAR. We will be calling on you again.

[Mr. Connor's prepared statement follows:]

FMA

Federal Managers Association

STATEMENT OF
MAURICE F. CONNOR, CHAIRMAN
FAA CONFERENCE
OF THE
FEDERAL MANAGERS ASSOCIATION

BEFORE THE
SUBCOMMITTEE ON AVIATION
OF THE
HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

MAY 9, 1989

1000 16th Street NW Suite 701 Washington DC 20036 (202) 778-1500

Mr. Chairman and Members of the Subcommittee:

Thank you for this opportunity to appear before the Subcommittee to present the views of the Federal Managers Association on the effectiveness of the Federal Aviation Administration's organizational and management structure.

This marks my first appearance before you, Mr. Chairman, in your new leadership role. Allow me to extend our congratulations to you. We have enjoyed and appreciated the relationship we have had with you in the past and look forward to continuing to work with you and your fine staff.

As a preliminary matter, I note that my remarks today are exclusively those of the Federal Managers Association and do not necessarily represent the official opinion or view of the Federal Aviation Administration.

The FAA Conference of the Federal Managers Association represents nearly 1,000 first-level air traffic and airways facilities supervisors and managers at FAA towers and centers throughout the nation. The members of our conference are responsible for the daily supervision and management of controllers and technicians who help to keep our nation's skies safe.

Our testimony today will focus upon the need for long-term leadership at the FAA, funding for the proposed pay demonstration project, FAA regional realignment and other structural reform.

The Need for Long-Term Leadership at the FAA

The FAA needs stable long-term leadership – for safety and organizational reasons. Without such leadership, the agency tends to drift, even stagnate. That represents a course that the agency and the American flying public can ill afford to have happen.

The current situation at the FAA demonstrates my point. As you know, the FAA has been without an official Administrator for several months. The tentative confirmation timetable of the current nominee does not contemplate Senate hearings and approval until June or July. This means that, according to current plans, the FAA will be without an Administrator for at least six months.

Unfortunately, such leadership lapses at FAA are not a rare occurrence. Discontinuity in the top leadership post at the FAA has occurred far too often. FAA Administrators serve only an average two to two-and one-half years in office. Just as they begin to "learn the ropes" at the FAA and prepare to make an impact, they are packing their bags to leave.

Time is naturally required for any top executive, whether in government or business, to establish himself or herself and to create positive, working relationships with others in a complex organization. Following that period of assimilation, change–hopefully for the better–begins to occur. At FAA, however, the trend of revolving-door Administrators has not permitted the second-phase to fully occur. Once FAA Administrators begin to affect change, they are out the door.

There is another dyanamic at work at the FAA. After each new Administrator comes on board at the FAA, a management reorganization tends to take place. These reorganizations further affect the leadership and stability of FAA programs, priorities and objectives. During the past year, Administrator McArtor initiated a reorganization of FAA's top management. Soon after its implementation, Administrator McArtor departed. If history is any guide, it's likely that the FAA will see another reorganization sometime in the second half of 1989 or early 1990.

The lack of a permanent FAA Administrator has tended to demand greater involvement and oversight of FAA matters by the Secretary of Transportation. And yet, the DOT Secretary is burdened with a full set of priorities and challenges framing the DOT agenda. Issues within the DOT bailiwick, such as the Alaskan oil spill response and infrastructure modernization and repair, demand all of the DOT Secretary's time already.

This is not to overlook or slight the current FAA executives who are managing the FAA. They are attempting to do the finest job possible. Nevertheless, they are curtailed in what they can do by the absence of leadership at the top, in the FAA Administrator's position, a post responsible for the ultimate formulation of policy and answers to long-term aviation problems.

Funding the FAA Pay Demonstration Project

As you know, the FAA faces critical staffing problems in attracting and retaining safety-related personnel, air traffic controllers, airways facilities technicians and safety inspectors to facilities located in many metropolitan areas of the country. These facilities are responsible for managing the system's busiest and most complex air traffic. The chief obstacle to FAA recruitment and retention of experienced personnel to these areas is their high cost-of-living.

In response to this situation, the Office of Personnel Management and FAA last year proposed to establish a personnel demonstration project, under Title 5 authority, that would provide monetary incentives, of a sufficient level, to attract EXPERIENCED controllers and other individuals into safety-related positions in air traffic facilities. We and a number of other groups supported the proposal.

Under the proposal, employees in eleven FAA facilities in the New York, Chicago, Los Angeles, and Oakland areas would receive a 20% pay differential in order to address critical staffing problems. Unfortunately, the House Appropriations Committee chose to limit the pay differential to 10% and operate the project only at facilities in the Chicago area. Under the Committee's approach, current-year funding would be reduced from the requested $7 million level to only $2 million.

This approach provides too little resources to affect relief to the safety and efficiency of our air traffic control system. While there is major need for overhaul of the entire FAA pay system–and the FAA is developing proposals to do that–the air traffic control system urgently needs more immediate help.

We recognize and appreciate the support that you have provided, Mr. Chairman, to full funding of the pay demonstration project, and are hopeful that the Congress ultimately will work out a satisfactory funding arrangement.

The Need for Realignment of the FAA Regional Structure

The FAA has a cumbersome, inefficient regional structure. There are nine regions in addition to Headquarters, and significant differences in the size and complexity of work exist from region to region. These differences inhibit management effectiveness. For example, the New England region contains one air route traffic control center and 23 airport traffic control towers. In comparison, the southern region contains four air route traffic control centers and 77 airport traffic control towers.

The contrasts continue through other regions. Differences exist from region to region on human resource policies and personnel actions. Even

security clearance checks are required when transferring from one region to another.

Monies allocated to regions also are spent in different ways. In the past, funds allocated for air traffic positions were diverted for other positions, such as airways facilities and aviation inspectors.

Regions develop parochial attitudes about their employees. Supervisors and managers tend to be promoted from within. Young controllers are told that implicitly, sometimes even explicitly, that if they go to a region and prove themselves as a controller, the region will consider them later for a promotion. Little consideration is given to an individual's experience, background, or qualifications for management duties themselves.

Regions also treat employees and other organizations in disparate ways. SUPCOM (Supervisory Advisory Committee), for example, is effective and receives full support in the Eastern Region. Other regions make little effort to fund or support this internal FAA organization.

One recent event underscores the lack of confidence and communication between FAA Headquarters and the regions. Boeing had proposed reducing the emergency exits on their 747 aircraft. The Northwest Regional office recommended approval of this request. However, at FAA Washington Headquarters the request was met with considerable opposition and, in fact, was rejected by the FAA administrator.

In addition, redundancy and inefficiency arises when regions work on similar projects. Duplication is apparent with expensive staffs locked into similar internal projects, when such work could be handled on a national basis.

On the other hand, there are centralized examples of nation-wide management and staffing practices at the FAA.

Pay is centralized at the Aeronautical Center in Oklahoma City. Training is conducted at two main sites: FAA Academy and Center for Management Development at Palm Coast, Florida. These are efficient approaches that should be applied elsewhere in FAA's management approach.

We believe that the approach embodied in HR 1633, that you have introduced, Mr. Chairman, in establishing three administrative regions is the most effective way to reduce the fragmentation and management ineffectivenss that currently exists at the FAA.

Impact of Latest FAA Management Realignment

Last year, then-FAA Administrator McArtor reorganized the senior management structure within FAA. An executive-level position was created to coordinate the various functions within FAA. Mr. McArtor applied the straight-line concept to the reorganization. In air traffic, straight-lining meant that authority and responsibility flow within the air traffic service and between facilities, regions and headquarters. Under the McArtor approach, regional administrators were still involved, but lie outside of the direct line of authority and lack clear reporting paths.

Mr. McArtor recognized this defect and advised us last June of his encouragement of legislative restructuring that more fully applies straight-lining to the FAA. HR 1633, we believe, heads in that direction.

In an effort to improve reporting tracking and quality control, the FAA has centralized its air traffic evaluation functions within Washington Headquarters. This move will improve the analysis of system errors and identify uniform remedial action on a national level. Duplicate and inefficient regional organizations are eliminated.

Mr. Chairman, as you can see the FAA has moved in the direction suggested by your legislation. Awareness of the difficulties involved with the present regional structure has prompted such moves.

Consolidating the nine regions into three, as HR 1633 proposes, would provide the opportunity to relocate the remaining regional headquarters in more central locations. These sites should be selected within areas that are attractive in terms of cost-of-living and quality of life.

HR 1633 also would enhance career opportunities and permit the FAA to select regional staffs from the best qualified.

Funding

In addition to the provisions of HR 1633, we believe Congress should consider funding the newly-organized FAA through a tax on aircraft, based upon gross weight or number of seats per aircraft. This tax would replace the aviation trust fund. The amount of tax, as well as appropriation levels, would be established by Congress.

Internal Oversight

Internal oversight within FAA would be advanced, we believe, by the requirement that the Administrator appoint an Aviation Policy Board, composed of industry, consumer, FAA employee, and other representatives to provide advisory assistance.

Growing Employee Mistrust

Finally, we believe that non-responsive Federal Aviation employment policies and practices are leading to a growing body of FAA employee mistrust and, if left unchecked, will cause work slow-downs and other

disruptions of air system disruptions. We advised your subcommittee of these concerns last June in testimony at that time and remain all the more convinced of the correctness of that appraisal today. We have attached to our formal statement a copy of our concerns of last year for inclusion in the hearing record.

While FAA independence will not correct every wrong within the FAA, we believe that independence itself, more than any other Congressional action, will most improve the safety of our country's 400 million air passengers.

Conclusion

A fixed term for the F.A.A. administrator is the key element in HR 1633. Recent problems with the FAA's pay demonstration project demonstrate that a strong leader is required at FAA on a full-time basis. The FAA cannot continue to suffer through reorganizations with each new Administrator.

The Federal Managers Association supports the provisions of HR 1633 and commends you, Mr. Chairman, for your active concern for the FAA's organizational and management capacity to promote aviation and aviation safety.

Thank you for your time and if there are any questions I would be pleased to respond.

Mr. OBERSTAR. The Subcommittee will resume its hearing on Thursday and stands in recess.

[Whereupon, at 4:50 p.m., the Subcommittee recessed.]

FEDERAL AVIATION ADMINISTRATION ORGANIZATION, STRUCTURE, MANAGEMENT AND EFFECTIVENESS

THURSDAY, MAY 11, 1989

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AVIATION,
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION,
Washington, DC.

The subcommittee met, pursuant to notice at 10 a.m., in room 2167, Rayburn House Office Building, Hon. James L. Oberstar (chairman of the subcommittee) presiding.

Mr. OBERSTAR. The Subcommittee on Aviation will come to order.

Today we will resume our hearing on the organization, operation and effectiveness of the Federal Aviation Administration, the Nation's premier organization of Government to oversee the operations of the Nation's air traffic control system and our entire aviation structure.

The FAA is an organization of nearly 49,000 employees, including some of the most highly dedicated and competent, highly trained professionals in one of the most complex technological fields in Government rivaled perhaps only by NASA and their space program.

To the FAA we entrust our safety along with the airlines as we and our associates travel across this great land of ours.

To the FAA we pay respect and appreciation, along with occasional payments of critique offered in the spirits of improving operations and making the agency—or helping the agency to perform to its fullest potential.

Congressman Clinger and I, and before him Congressman Gingrich, spent many long hours with the various groups of the FAA in many wide-ranging issues to see how together we could improve the operations of the FAA, and also at the same time to understand how it works.

The purpose of today's hearing is to take a closer look at how the agency works, how it is structured, how it can work better.

And, of course, as we proceed today I want the witnesses to be thinking about upcoming hearings on restructuring the agency in a new mode outside of the protection of the Department of Transportation. I use protection in quotes.

Sometimes I find it captivity.

Does the gentleman from Pennsylvania have any opening comments?

Mr. CLINGER. Well, thank you very much, Mr. Chairman. I am looking forward to the continuation of the hearing we initiated on Tuesday. A number of questions and concerns were raised by our witnesses at that time and I am pleased to have representatives of the FAA here to respond to some of those concerns.

I think that we are alike and as one in our objective, which is to ensure that we have the safest possible air transportation system, and obviously the FAA plays a critical role in that effort.

And I think we are concerned that you, the FAA, have the resources, the manpower, the procedures that move us toward that kind of efficiency and effectiveness.

As the Chairman said, down the road we will be considering what sort of restructuring might be indicated to improve the FAA and whether it should be kept in or out of the Department of Transportation. We may have differences in that regard down the road, but clearly the objective here is totally unified.

So I look forward to hearing you, Mr. Whittington, and others on the panel, and our witnesses later on this morning and this afternoon.

Thank you, Mr. Chairman.

Mr. OBERSTAR. In my recollection, this is Mr. Whittington's first appearance before the Subcommittee on Aviation, and for the record, he is Acting Administrator and I would just like to cite a few highlights of his very long and distinguished career since 1955 with the FAA as an air traffic controller.

He has served in a number of key positions. He was Director of the FAA New England region, and prior to that he was Special Assistant for Legislative Affairs with the FAA.

But more importantly, he received the FAA's Superior Achievement Award in 1982, for work with Massachusetts Port Authority developing a very innovative noise abatement program, which has continued to be a model for other parts of the country.

He received the Secretary's Award for Excellence in Equal Employment Opportunity, and twice received the Presidential Lank Award for Meritorious Executive, the highest honor that can be earned by a career civil servant in the Federal Service, very much to your credit, Mr. Whittington.

Glad to have you here, and I would like to have you introduce your associates.

TESTIMONY OF ROBERT E. WHITTINGTON, ACTING ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION, ACCOMPANIED BY DALE McDANIEL, ACTING ASSOCIATE ADMINISTRATOR, POLICY, PLANS AND INTERNATIONAL AFFAIRS; BROOKS GOLDMAN, ACTING EXECUTIVE DIRECTOR, POLICY, PLANS AND RESOURCE MANAGEMENT; AND TONY BRODERICK, ASSOCIATE ADMINISTRATOR, REGULATION AND CERTIFICATION

Mr. WHITTINGTON. I will do that before I proceed with my statement, but thank you very much for the kind remarks about our professional staff. I certainly share your opinion that they are tops and I certainly do have a warm spot for this Committee, having worked with them from the time that you took over the Aviation from Interstate Commerce and going around the country with the

Committee and all. And we just appreciate all the good work you are doing for us.

To my far right I have Dale McDaniel, who is the Acting Associate Administrator for Policy, Plans and International Affairs; to my right, Brooks Goldman, who is the Acting Executive Director for Policy, Plans and Resource Management; and to my left, Anthony J. Broderick, who is the Associate Administrator for Regulation and Certification.

I welcome the opportunity to appear before the Subcommittee today to discuss with you the FAA's current organizational structure.

The perspective I bring today is that of a long-term FAA careerist who has worked in a number of positions, both in the field and at headquarters.

And over that time, I have seen a variety of different organizational approaches adopted within the agency with differing results, sometimes as a product of the quality of the organizational concept, sometimes as the product of the management styles of the people involved.

The FAA's recent organizational changes, which I will describe shortly, are still in early stages of implementation. Now although I believe these changes are working, I also believe it will take a longer range view to confirm that is the case, and clearly I would not want to prejudice today in any way the ability of the forthcoming FAA Administrator to make additional refinements, should that prove needed in his judgment.

Before describing the FAA's current structure, I would like to briefly highlight for the new Subcommittee members what the FAA's primary functions are, along with the environment in which the FAA operates.

The FAA was established in 1958 to bring together for the first time into one agency all civil aviation functions of the Federal Government.

Over the intervening years, the FAA has assumed some additional responsibilities in response to a changing aviation environment, such as the aircraft noise area, but in general, the agency's primary functions have remained constant.

In brief, the FAA is responsible for operating the Nation's air traffic control system, overseeing the manufacturer of aircraft, certificating pilots and other airmen, overseeing the safety of all facets of our air transportation system, certificating airports serving airlines, administering the Airport Improvement Grant Program, and performing civil aviation security functions to assist in the prevention of highjackings and terrorists acts against civil aviation.

In order to fulfill these varied and significant responsibilities, the FAA develops and implements regulations and performs surveillance and inspections of regulated parties to ensure compliance with those regulations.

Now over the past decade work in virtually all of the FAA's work activities has increased dramatically. We are handling more air traffic than ever before, and this Subcommittee is only too well aware of the increased activity we have seen in the aviation security area.

All indications are that the pace of air transportation expansion will continue in the future.

The FAA's total work force is nearly 49,000 people. Our predominant occupational category is within the air traffic control field where we operate 22 air traffic control centers, more than 400 towers, and in excess of 200 flight service stations.

We have nearly 16,500 air traffic controllers performing air traffic control work in the FAA. We employ over 2,000 aviation safety inspectors to perform surveillance of more than 220,000 general and commercial aviation aircraft, and about 1.8 million certificated airmen ranging from pilots to mechanics to flight instructors.

There are approximately 400 civil aviation security inspectors who perform domestic security functions and are also responsible for airport assessments wherever U.S. air carriers operate in the world.

In addition, we have a work force of approximately 8,500 electronic technicians, engineers, and related personnel to perform work in the installation, certification, and maintenance in more than 23,200 air navigation facilities, including radar, precision landing aids, and communications equipment.

We also employ 600 individuals in our research, engineering, and development functions. And, of course, administrative functions needed to support these other activities require a substantial work force, things like human resource management, payroll, budget, contracting and the like.

Most of FAA's employees are employed at field facilities located in every corner of the United States including a small number stationed at overseas locations.

Many of these organizations operate on an around the clock basis. The basic organizational framework within which we operate includes a national headquarters here in Washington, 9 regions in the United States, and an office headquartered in Brussels, the Aeronautical Center in Oklahoma City where we have our training facility and our airmen and aircraft registry, medical research facility, and our supply depot, and the Technical Center in Atlantic City where much of our R&D testing has occurred.

Now beginning in the early 1960's, the FAA adopted a decentralized mode of operation where the Washington headquarters performed staff, policy, and technical guidance functions and the regional headquarters, under the direction of a regional director, managed the day to day operation of the FAA.

Early last year a review of FAA activities as a part of a joint FAA/OST 45 day study confirmed that too much authority and decision making had become dispersed throughout our field structure and too little central control was being exercised.

Now we heard repeatedly from the aviation community that the FAA's approach to issues varied too much from one region of the country to another, that there was not one FAA, but many, many separate FAA's.

In July 1988, the FAA initiated a move away from the strongly decentralized approach to management which had evolved over the years.

We adopted a much more centralized approach to management which we refer to as straightlining. Under straightlining, our field

personnel and our major disciplines, air traffic control, flight standards, airways facilities, security, aviation medical, aircraft certification, and the legal counsel, they now report to their Washington headquarters counterparts, whereas before the reporting relationship was to their regional director.

Our regional directors' functions changed at that time from direct line authority over regional functions to a different role of serving as the Administrator's personal representative within a region.

The new title, regional administrator, suggests that enhanced role. Today our regional administrators are the administrators representative to the aviation community in their respective regions. They are key plays in facilitating resolution of sensitive or controversial issues which cross organizational boundaries within a region, and they maintain a close working relationship with senior managers in all regional organizations.

Additionally, they exercise management control over the organizations performing the administrative support functions within their regions.

Now while efforts were being made to achieve greater standardization of agency actions throughout the country through straightlining, a significant change was implemented in our headquarters structure as well.

The Administrator concluded that too many individuals reported directly to him and that there was greater need for strategic planning by agency top management personnel who were not involved in the details of the day to day program management.

To address these objectives, the Administrator established four new executive director positions: the Executive Director for Policy, Plans and Resource Management; the Executive Director for Regulatory Standards and Compliance; the Executive Director for System Development; and the Executive Director for System Operations.

Additionally, the position of Associate Administrator for Aviation Safety was established to oversee all of the safety aspects of the FAA programs and he reports directly to the Administrator.

The four executive directors provide executive direction to the FAA's associate administrators who are involved in the day to day management of the agency's major programs.

All major field organizations within the agency now report ultimately to one of the executive directors or to the Chief Counsel. I have attached to my prepared statement a current organization chart to illustrate to you how our organization is structured.

In addition to efforts to improve the FAA's organizational structure, there have been a number of efforts to improve the FAA's ability to perform in a variety of key areas, including procurement, personnel, and rule making.

In the procurement area, for example, we received a delegation of authority from the Secretary to handle FAA procurements up to $150 million. It had been $50 million prior to that time.

Additionally, we identified the need for a significant increase in personnel to facilitate our contracting process and are filling about 60 additional positions in this area.

Further, we have established a senior procurement official as a point of contact in each major program office to improve the flow of communications and to speed up the procurement process.

We have also established dedicated project teams at the FAA for major acquisitions to combine technical and acquisitions expertise together.

In the personnel area we have implemented a process that streamlines the recruitment and the hiring of air traffic controllers.

In January, we published a revamping of our training processes in a new Flight Plan for Training. We have proposed a pay demonstration project to attract controllers and safety personnel to hard to staff facilities at a variety of locations, and we are instituting a management intern program within the FAA to help bring future talent into our agency.

We have been delegated authority by the Secretary of Transportation to make SES personnel reassignments within the FAA below the associate administrator level without prior approval of the OST.

Now with regard to rule making, we have closely examined the process, which has too often moved too slowly. We have taken steps to speed up the process by bringing principle parties together early on and more frequently so that issues can be resolved sooner rather than later.

We established a central processing office for rulemaking to focus agency rule making in one location for timely reporting and processing.

We have increased our communications with the Office of the Secretary by providing alerts of major issues and briefings on significant agency rulemakings to facilitate the review process when our rules are transmitted to the OST and over to the Office of Management and Budget.

And there is an FAA/OST working group led by the FAA, which is to complete a review of the rule making process and to make recommendations for further streamlining.

We have made progress in concert with the Office of the Secretary and we are going to strive for more improvements in these areas.

We have been working very, very closely with Secretary Skinner and his staff to identify areas where OST can provide additional authority to the FAA through administrative action and where legislation may be needed to improve the FAA's ability to do its job.

Now while a variety of steps have already been taken, we are confident that we can identify additional areas where further improvements can be made.

I am also very confident that Secretary Skinner is committed to granting the FAA whatever additional authority will bring about the highest level of safety for the traveling public.

As we continue our efforts to improve our ability to fulfill our statutory missions, we will continue to assess how we are operating in the context of the current organizational structure.

In my view, as a result of straightlining, we have made progress in improving the quality of the policy guidance prepared and disseminated by our Washington headquarters.

We have also seen improvements in the uniformity and the standardization of our actions nationwide. These are important dividends. But we need to evaluate how well our organizational structure is working over the long term and to be prepared to make whatever refinements might be called for as the current FAA evolves into the future.

That completes my prepared statement, Mr. Chairman. I would be glad to respond to any questions you may have at this time.

Mr. OBERSTAR. Thank you very much, Mr. Whittington. I wanted to have you present the entire statement because it is a comprehensive review. I had the opportunity to read it at length prior to the hearing and found it a very useful overview of the operation of the FAA and an evaluation of the changes that have taken place.

It strikes me at the outset, however, that one of the problems of FAA is underscored in your introduction of associates. Three-fourths of you are acting. It is a long time since I have had witnesses before a committee, so many of whom have presented themselves as acting in their particular position.

I think that that is indicative of the need for stability in the leadership of the agency, a long term leadership. And let me start with that question.

What is your opinion about the effect upon the—not opinion, but your experience about the effect upon the operation of the personnel both in Washington and in the offices around the country of changing leadership?

We have had three FAA administrators just in the last 8 years alone, and in previous years it has been the same pattern. Rarely has an administrator lasted much beyond 3 years.

What is the effect upon personnel with those kinds of changes?

And I am not asking you to comment on whether or not any one or another administrator should have been kept in or on the quality of any particular administrator. I think they have all been very fine people.

What I am asking you to address is the discontinuity.

Mr. WHITTINGTON. Well, in response to that, I—and I will give you my personal observations both from the field and headquarters. The major impact I feel is at the headquarters level. At the regional and certainly at the field facility level there is not a noticeable change because there is the continuity of the career people who are managing those various programs. In headquarters it is extremely important to have your leadership on hand and have that person, whoever he is bringing in get on board rather quickly.

I certainly believe that and we all do look forward to going back to our regular positions. But the tenure of the administrator, as you mentioned, some—I think it has been averaging out about 3 years. I do think that in each case the individual got some good programs going. We have not turned back on those.

In this particular case, I feel very comfortable by the fact that I have my executive directors with me, who are very knowledgeable in all of their areas, and we do plan to maintain the continuity. I think we are doing that, but do look forward to our new administrator coming on board very soon.

Mr. OBERSTAR. You feel that the effect is principally at headquarters of any discontinuity rather than in the regional office or the FSDO's or the en route traffic control centers?

Mr. WHITTINGTON. Yes, sir, I do.

Mr. OBERSTAR. How long has it been since, if ever, an FAA Administrator was appointed from within the ranks of the agency?

Mr. WHITTINGTON. I do not believe that has ever happened, a couple of occasions the deputy administrator was.

Mr. OBERSTAR. Any reason why that—is there something very special, some unique policy making role of the administrator of FAA that requires somebody to be brought in from outside the agency?

Mr. WHITTINGTON. No, none that I know of, but on that issue I do think it is important to have any administrator who is tied in with the administration and can bring in maybe some fresh ideas. The career staff will be there and I think can be responsive to some of the new ideas.

The last administrator I felt really had some good initiatives and——

Mr. OBERSTAR. I have no doubt about that. He was dynamic and exciting. I think he moved the agency. I thought he did a superb job. I greatly regretted his departure.

But I want to address the issue of the policy role. How many policy-making functions are there within the FAA? Where does policy-making break and administering take over within the agency?

Mr. WHITTINGTON. All of the administrators have set up—have a management team. They varied in the size and structure and so on, but the way we operate right now the budget gets a lot of our attention.

But we have an Administrator's Review Committee composed of the associates, our counsel, and two of our regional administrators who meet about once every month and address whatever the issues are.

With the executive director concept, this particular committee will make recommendations and pass them on up to the executive directors who operate as an executive committee really staffing these programs out and then presenting them to the administrator.

Mr. OBERSTAR. So far as real policy-making then, the role of regional administrators is not one of making policy as that they are administering operations. Is that correct?

Mr. WHITTINGTON. That is correct.

Mr. OBERSTAR. Now there has been reorganization, which you have addressed in your remarks, initiated by Administrator McArtor.

Before I follow up on that, I would like to ask, you said that the decentralization took place largely in the 1960's. Was that a reorganization plan in and of itself, or an organizational restructuring of the agency? How did it operate prior to establishment of the nine regional administrators?

Mr. WHITTINGTON. That actually happened when Administrator Halaby——

Mr. OBERSTAR. And why did that occur?

Mr. WHITTINGTON. Well, there again, that occurred during the time that Mr. Halaby was the administrator. He came in with fresh ideas. I think industry, there was decentralization going on throughout the country. I cannot really speak for him. I happened to have been with the FAA prior to that time and I was here in Washington during that major reorganization.

They were centralized before under General Quesada, decentralized under Mr. Halaby, and have been that way up until just recently.

It was a matter—and I think at that time when you look at it the action out in the geographic areas required somebody with authority to put the programs together.

Mr. OBERSTAR. Why was that though? Can you give just an understanding historically of what it was that was occurring under General Quesada was a centralized operation and Mr. Halaby came in and decided to spread authority out from Washington to regional offices, but what was the driving cause? What was the need perceived at the time that brought about this decentralization?

Mr. WHITTINGTON. At the time, and it is still that way, you have got a lot of issues out in the field and you need to have somebody there who can address those.

The capability of the headquarters at that time to really get involved deeply in the operational programs, airport development, and that sort of thing made it rather difficult.

He wanted to put the authority out in the field. As long as the Washington office, and it always has been that way, set the policy and it was up then to the regional director to administer it through the selection of people and the control that he exercised within his region, both with his budget, and in meeting the objectives set by the headquarters office.

Mr. OBERSTAR. As you suggested, that was a time, the 1960's, for decentralization, industry and Government. That was a time in which in the Johnson Administration I recall the nine regional—ten regional centers were established where a wide variety of Federal Government agency functions for the purpose of coordinating activities among Federal Government agencies to help give citizens one stop service, not having to go to a wide range of agencies in their states or in their region, or having to come to Washington necessarily.

Ultimately that scheme did not work very well and centralization has taken over to a large degree. The inter-agency role of regional coordination did not work out. And I suspect that that is what has happened. While there were some needs because of communication problems, it was not as easy to communicate in those days as it is today. There was probably a need to respond to localized situations more than there is today. That scene has passed. We now have national carriers in the broadest sense of the term, not in the technical sense of the term. I know that there is a distinction in majors and nationals, but I am talking about air travel as a coast to coast and border to border, north to south exchange of commerce, and there just seems to be a greater need for centralization of rulemaking, decision making.

I have in mind the experience that we had about a year and a half ago with the MEL's, the Minimum Equipment Lists where

one flight standards district office was going to issue rulemaking that differed from that of other FSDO's. Someone wisely decided that this needed broader review in Washington. Unfortunately, the broader review took well over a year, but that was the right decision and the right ruling in my judgment by that counsel.

So what I am asking is, does it make sense today in the nature of air travel, in the nature of the demands on the industry, to have such a high degree of decentralization or is a more centralized role more conducive to uniformity and I do not want to say conformity, but uniformity of rule making?

Mr. WHITTINGTON. Absolutely, and Mr. McArtor felt very strongly on that issue and we looked at all these various facets, factors, and so on and that was behind our major reorganization, and it is working. I am particularly pleased, having coming from the field, to see how responsive the headquarters office has been in getting some new policy, better guidance.

I think the pendulum had swung a little too far and this needed to be straightened out. And if I visit the field facilities now or even the regions, those who were very apprehensive about this change recognize that the Washington office has changed too because once you have the accountability you pay a hell of a lot more attention to it and you have done a good job.

Exactly for the reasons though that you have mentioned, this action needed to occur.

Mr. OBERSTAR. Thank you. I will have further questions later. At this time I call on the gentleman from Pennsylvania, Mr. Clinger.

Mr. CLINGER. Thank you very much, Mr. Chairman.

Mr. Whittington, thank you for your testimony and for your participation here today.

One of the criticisms that has been raised is that the FAA just has not been able to keep pace in terms of resources; that the exponential explosion in the amount of people using air transportation has outstripped the FAA's ability to keep pace.

Do you feel that there are areas in your operation where there is a shortage of resources, where you really feel that you are hard pressed, and if so, where would those areas be?

Mr. WHITTINGTON. Yes, I think there are areas where additional funding would certainly be useful to us. In looking at the R&D efforts, I think that there is more that we can do there and we are looking at that. We have asked for additional resources in FY 1990, and the facilities and equipment with our NAS Plan, we see this bow wave of some really needed expenditures just to keep the system going, particulary in 1991 and 1992, and we have talked to the committee here and our appropriations people about it.

We have been really looking around at other Federal agencies though. I think the FAA has done pretty well both through the Administration and the Congress working together recognizing that these are very critical issues that we are talking about with safety right at the top.

So, I sure, I want—and I hope that the Congress will support us in our training initiatives. I think we are way behind the curve and we have got to get moving on this, and we have got an active program and we have got some partnership with states and we are looking at new types of simulation and new recruiting techniques.

We have got to train people for today's system, at the same time getting them ready for major technological changes, our new programs come into being.

So, yes, we do need continued support by the Congress on our funding. It would really set us back without that sort of help.

Mr. CLINGER. Let me just cite one example here where we wanted to set up a pilot program in Los Angeles, Chicago, and other areas to recruit and retain high quality people in those centers because of the tremendous congestion. The Appropriations Committee here failed to provide the funding to implement that pilot program in full.

How is that going to impact you?

Mr. WHITTINGTON. That will have a big impact. I trust that the Congress will approve our proposal because it is extremely important. We have tried all different types of techniques, as you know, to attract people to these high cost of living areas where the complexity of the facility is far beyond that of other people who are being paid at the same grade level by offering the demonstration project.

And we picked three areas where historically we have had problems in hiring, not only in air traffic, but in airways facilities, our flight standards inspectors, and this demo, just the idea that we are headed towards this type of program, we already have a lot of people who want to go to those places now, the incentive is there. People who were going to retire had indicated they would like to stay on a little while longer and help us through this big change.

Mr. CLINGER. We have heard that some of the people that had applied for the program have now revoked their application. Is that correct?

Mr. WHITTINGTON. That is right and I think until such time as the FAA can come up with a new pay reform, and we are doing a new study right now, a pay study, which we hope to send to the Congress sometime this year to address this problem of geographical costs and how you can get people to come in there and make it worthwhile. To get somebody to move from say Fort Worth, Kansas City into Washington or New York is very difficult because they are going to lose money even if they do increase at least one grade level. We simply have to counter that with, I think, a new pay reform and we are working on that.

Mr. CLINGER. Let me talk a little bit about procurement. We have heard a lot of testimony on Tuesday about problems with procurement and as I understand it, FAA is subject to the same requirements that other Federal agencies are involved with very long winded, sometimes overlapping, sometimes confusing regulations involving procurement and it has been suggested that because of the critical nature of the sort of things that you are procuring, which directly relate to safety, saving lives, that we ought to streamline that, that you should be somehow exempted from a number of the procedures, requirements, paperwork involved in that procurement.

What is your reaction to that kind of approach?

Mr. WHITTINGTON. I have actually taken a pretty close look at the process itself because it does need streamlining, as you suggest.

During the review of our agency in the Secretary's Task Force and our task force, in reviewing that we found that there are a lot of things we could do internally that need to be done. We needed more people. By bringing in 60 more people in our logistics office, the procurement people, we have been able to do a lot better job in moving these along. We are probably cutting the time off right now it appears at least 10 to 12 weeks just by this effort alone.

But, yes, we do need to take a look at some possible legislation which would come up here to the committee.

In the areas of limited competition, there are times when we know who the contractors are who can handle a particular project we have because they are very complicated and we would like to limit competition. They do that for some agencies now. We would like to take a look at the coordination action we go through with GSA in our lease communications and on our computer equipment. It is not that we get turned down. It just takes a long time because you have got to send these papers through and put them in different formats. We want to look at that and I have talked to the Secretary and we do have our task force working on that right now.

Mr. CLINGER. Could we anticipate that we might have your suggestions as to where you should be exempted?

For example, are you subject now to the competition of contracting act that crossed the board on most of your purchases?

Mr. WHITTINGTON. Yes, we are, and that really needs to be looked at because it can delay a project a long time just going through a coordination process. You have to sit back and say, "Was there a value added in this," many times not, but certainly a delay.

Mr. CLINGER. GAO testimony here on Tuesday suggested that another element that caused delay was the fact that FAA tended to under estimate the complexity of developing the highly automated systems that you need. In other words, that you have not realistically evaluated how complex these things were, and, therefore, how long it was going to take to go through the procurement process.

Is that a fair criticism?

Mr. WHITTINGTON. Well, I think we have a good relationship with the GAO people and I do appreciate comments that they do make. I do believe though that when you talk about our new technology, the NAS Plan and all, we are on the cutting edge of technology now. Whether we have underestimated, our contractors have done that too. I do not know that that is a fault of the system. You are dealing many times in an unknown.

But if you take a look at the NAS Plan and the cost thus far, I think we only maybe have 10 percent overrun on a multi billion dollar program, and that is really not bad. But a lot of the recommendations that the GAO has made on how we might prioritize, how we might do a better job in our acquisition process, certainly we pay attention to that.

I believe in listening and certainly do respect their comments, do not always agree, but certainly anyone that wants to give you ideas, you ought to look at them, and we do that.

Mr. OBERSTAR. If the gentleman would yield.

One point I intended to make with the GAO witnesses the other day was that at least in two of the major systems some of the delay, and perhaps a considerable part of the delay was occasioned

by contractor recommended improvements in the design of a very complex system, which recommendations FAA concurred in, which recommendations GAO found no fault with. And I think it is important to point that out, those recommendations did lead to a much improved screen quality, for example, on your air traffic control screens and color monitors, but those required some major system changes and you ought to get credit instead of criticism for some of those factors.

The other points, I am pleased to see that FAA has begun in the last couple of years to acknowledge shortcomings and proposed fixes and that too is to the agency's credit.

I yield back to the gentleman.

Mr. CLINGER. Thank you, Mr. Chairman. I just have one final question on procurement, and that is with regard to a specific system which is the microwave landing system, which I am advised has been subject to a lot of delays. And I wondered if you could enlighten us as to where that procurement presently stands?

Mr. WHITTINGTON. Well, at the present time we are meeting with Hazeltine, if you are talking about that particular contract, on looking at actually what is the next step. We are probably looking at a separate type of proposal. We do not feel we need to receive 178 systems. So that is in a final negotiation stage at this time. But in the meantime, we are, as you know, going to enter into a demonstration project on MLS using off the shelf systems, working with the airlines in really demonstrating the benefits of the MLS and particularly taking a look at the curved approaches, the lower minimums that we can have.

We fully support the program and feel real bad about the slippage that we have had with this one contractor.

Mr. CLINGER. Any idea when you might finalize the negotiations with Hazeltine?

Mr. WHITTINGTON. I would hope real soon, within a week.

Mr. CLINGER. Within in a week?

Thank you, Mr. Chairman. I will have some other questions, but my time has expired.

Mr. OBERSTAR. Thank you. The gentleman from Pennsylvania, Mr. Kolter.

Mr. KOLTER. Thank you, Mr. Chairman.

I would just like to take a moment to thank the FAA and those people employed by the FAA for their wonderful cooperation that I have had in now my 21st year as a legislator. Many times we do not agree. Many times we argue, but the cooperation has been second to none.

The question I have, Mr. Whittington, is what is the role played by the FAA in the individual states? For example, I come from Pennsylvania. What is the role played by the FAA in personnel in my state, and what should the role be played by those people employed by the FAA?

Mr. WHITTINGTON. Well, in your particular state the regional administrator from the eastern region in New York would be the one who would be working with your state and local people on airport development safety and so on.

You have—we have offices in that area that might be a flight standards district office, a flight service station. So they are dealing

with your aviation constituency on a person to person basis. They are actually getting their policy guidance and direction from headquarters here in Washington.

We do use the regional administrator as kind of a focal point to deal with state and local governments in tying the programs within, like your particular state, together.

Have you had contact with our regional people?

Mr. KOLTER. Yes, I have had much contact with the state regional people because it is through these people that we have the awards for the various airport improvements in my commonwealth, and, again, they show a spirit of cooperation not exhibited by many agencies.

I was just wondering if the other States of the Union have the same type of cooperation? Do they also have agents working in their communities who do the same function as we do in Pennsylvania using the FAA personnel for airport improvement, for whatever our needs are?

Mr. WHITTINGTON. They do, sir, and then at the national level those various airports are represented by—it might be a national organization such as the Airport Councils International and so on who work with us. Yes, and that is what we were talking about. You need a management presence out in the geographical areas, but their policy guidance and all does come from headquarters.

I did a lot of that myself as a regional director up in New England, and that is just the way it ought to be. You need to work with these people, listen to them, know what they are talking about and assist in any way you can in enhancing safety and capacity.

Mr. KOLTER. I thank you for that because I know the system is working well in Pennsylvania and I would hope that the other states have the same rewarding experiences that I have had.

Thank you.

Mr. WHITTINGTON. Well, thank you very much, Mr. Kolter.

Mr. OBERSTAR. The gentleman from Missouri, Mr. Hancock.

Mr. HANCOCK. I have just got a couple of questions. Did I understand you to say that there were no bases of pay differential between the major airports and some of the smaller airports as far as air traffic controllers and personnel?

Mr. WHITTINGTON. Well, the pay scale is set by the traffic handled by a facility, and so it is true that you could reach the highest pay level, say a GS–14 in one facility, but yet in another one with much more traffic, more complexity, would be at that same scale. So like in Kansas City that person could be getting the same pay as a controller in Chicago or New York.

Now I am from Missouri myself, so not picking on Missouri. That is the problem. We know those folks out in Kansas City and Missouri are good folks and we would like to get them not only into our facilities that are more complex, because we know they will do a good job, but also we are going to have to address how do we get them into regional office. How do I pull them on into my office here in Washington? So pay is a big issue with us.

Mr. HANCOCK. Well, naturally, I think the people from Missouri are pretty good folks too. [Laughter.]

Do you still have the training school—controller training school down in—I think it is in Tulsa, is that right? Or do you have more than one?

Mr. WHITTINGTON. It is Oklahoma City.

Mr. HANCOCK. Is it Oklahoma City? Is that the only one?

Mr. WHITTINGTON. Yes, sir, that is our primary training facility and demands on it are growing and growing. I believe this week we have 318 air traffic controllers who reported for training. We also do all of our other training, flight standards, airways facilities there.

You should come down and visit it. We are really proud of our training facility at Oklahoma City.

Mr. HANCOCK. Yes, I would like to.

One other question, as far as the new technology, number one, there is no question with what this committee is concerned about, air traffic safety. In fact, I think that is basically the number one issue. That is why we are here. And as a pilot, needless to say, I am concerned about it.

But will there be, with this new technology development, will there be any reduction in the number of controllers? Right now based on the 49,000 employees, approximately 30 percent of them—slightly over 30 percent are air traffic controllers? Will there be any cost savings there? In other words, with the new technology, will there be a reduction in cost as far as personnel is concerned?

Mr. WHITTINGTON. Absolutely. In implementing this program or actually getting it approved you work a cost benefit analysis showing that over a period of time as the new technology is introduced and you have experience using it, you should show a reduction in the number people. You will have computers doing things that the human does now.

I can see a time when you would have air traffic controllers managing the system rather than actually having to do all the work. You have automatic communications between computers in the airplane, on the ground, and certainly that is a big pay off. And I think the safety will actually be enhanced because you have more data, yes.

Mr. HANCOCK. Thank you very much.

That is all I have. Thank you.

Mr. OBERSTAR. Thank the gentleman.

The Chair recognizes the gentleman from Tennessee, Mr. Duncan.

Mr. DUNCAN. I have no questions.

Mr. OBERSTAR. No questions.

Mr. Whittington, how long do you anticipate the reorganizational changes made by Mr. McArtor to last?

Mr. WHITTINGTON. Well, I would hope they would last some time. I think they will. There are some refinements that need to be made and I have a new office, too, that I did not mention, the Deputy Associate Administrator for Appraisal, that will be going out doing a study of how well it is working, where we might do something differently, but not to move away from the straight line.

I have talked to our candidate for the administrator's job and I do think that he will want to take a look at the operation, not make a major change. Enough people think that more change is

very disturbing, as you know, and so you ought to work on making it the best that you can rather than coming up with some sort of a change.

Mr. OBERSTAR. Well, I am glad to hear you say that. I happen to believe that that reorganization is a move in the right direction and I would like to know whether you career people are prepared to make a stout defense of the reorganization and suggestions for its improvement rather than simply have somebody come in and impose some other new, yet untested, untried plan that will have the agency in a state of, if not turmoil, at least suspension for a period of time.

Mr. WHITTINGTON. Well, it certainly will be the recommendation of the career executives to our new administrator. It is the right way to go and we are going to try to promote it. I know there are some areas that we have got to look at, the budgeting area is one that we are spending a lot of time on. When you go through a change from control of the budget out in the field to headquarters, it takes an adjustment, but these are things that you simply need to resolve and get on with it. It is the right way to do it.

Mr. OBERSTAR. From your career experience, and I would like any of the others to comment as they see fit, what is the appropriate number of regional offices, and what should be their role?

Mr. WHITTINGTON. Well, we have—as you have mentioned, we have had various numbers of regions, since I have been with agency I think ranging from four to nine to I guess up to twelve at one time. I think they moved in either direction depending on the workload. We have talked about the geographic areas and so on. That is a decision that needs to be locked at. We have looked at it from a cost effectiveness basis. Probably somewhere between four and five would suffice, I think, maybe less.

If you are looking at it, where do you want these people, how close to the local, you may find that the present number of nine is okay. They vary in size, but I think in the performance of the regions that they are fairly equal. They satisfy an area. Their job ought to be to manage the people that the FAA has in that particular area and to be available to evaluate how things are going, pass that on to the administrator, play the eyes and ears role, and actually hold the team together. That is extremely important, the team concept out in the field.

Under straight line, there may be a tendency for these various disciplines to operate rather independently of each other. We would like to keep the team together just as we do in headquarters, and that is a challenge to us, but I see that as a role of the region also, and probably one of the most important reasons why they should be where they are.

Mr. OBERSTAR. I found the new term, when it was put in play, regional administrator, somewhat less than I had in mind. I wanted that suggested enhanced role rather than a diminished role for the regional offices. And whether it is necessary to have all these groups, just citing from your testimony, reporting to a regional center, there ought to be straightline authority, as you are suggesting for air traffic control for aircraft manufacturer for a pilot certification for safety and we ought not to have nine FAAs or

maybe ten, if you include the national organization, doing those activities.

Is this direction that you see FAA moving, see the McArtor reorganization as an interim step toward a greater degree of centralization in those areas so you have greater uniformity of the decision and of compliance with FAA rules across the country?

Mr. WHITTINGTON. Well, I see that the current straightlining, as I will call it, does meet the objectives you are talking about. Maybe the name of the regional administrator is a little confusing. He is not—or she, they have no control over the operating divisions. They are straightlined in here.

When we started talking about that you could say, well, you need a base commander. We kind of compared it to the military, but we elected to actually give that person more of a role than just a caretaker of the people within that region because they are the ones who are involved in the media. They are the ones that are involved with the state and local folks and they can report in to the administrator their views on how they see operations of the air traffic, the flight standards, how they tie together within a geographic area, and I think that is where the term enhanced came from.

Mr. OBERSTAR. For example, such areas as assignment of personnel when a few years ago, then Chairman Mineta and I and several others moved to get additional funding, $15 million in appropriations for more inspectors and the orders went out and the funds were appropriated and the effort was made to fill those positions and the order went out to the regional offices. Some of them decided that there were other ways in which—there were other needs they had and other positions to be filled and not all in air traffic control and not all in inspection positions. That is the kind of decision-making at the regional office that I have a concern with.

Now that is not to say that they were not right. Maybe they did have some needs in areas other than inspection, areas other than air traffic control, but it was identified as a national objective and a national need to build up those areas and you have regional administrators making other decisions and other choices.

Mr. WHITTINGTON. Right. And that is really what lead to the need to centralize. They are not involved in that at the present time. In the case of the inspectors, Tony Broderick picks the number of where they go, what they do, and is totally in charge of managing that organization, and he is accountable for any of the actions wherever it is in our system.

Mr. OBERSTAR. So that kind of flexibility or freedom of years past is indeed past?

Mr. WHITTINGTON. It absolutely is.

Mr. OBERSTAR. Now explain for us further the role of the executive directors. You said their role is to provide executive direction to the assistant administrators. On a day to day basis, how does that operate? What sorts of decision making are they involved with?

And let me just say so that you know where I coming from, we hear the criticism this is another layer of bureaucracy. So I will give you chance to address that issue.

Mr. WHITTINGTON. I feel the establishment of the executive directors was extremely important and they do play a major role in

managing our organization. The executive directors, and as you know I am one of those, we meet each morning at 7:30. We talk about what is happening in each of their different areas. In my particular area, it includes all the staff in support. So anything that is happening in air traffic or certification or wherever it is, we need to do the horizontal coordination.

FAA has always operated very good vertically, but many times that cross coordination was not really effective. And under straightline it even became more important that, okay, somebody has got to be tying these things together because we do not want nine autonomous offices within the headquarters building either.

Mr. OBERSTAR. Neither do we.

Mr. WHITTINGTON. And, by golly, we spend a lot on that. We have, over the last year been working on a strategic plan. I hope to go over that with you sometime. The FAA needed that strategic plan and when Secretary Skinner came on and said he wanted national transportation policy, we were ready and I feel good about that. That was something that needed to be done by high level people.

And then getting back to straightlining, our Washington headquarters really was not prepared for that. We did not have a lot of people at our top level jobs who had recent field experience, who had spent some time out in the field really knowing what is like to implement.

I find that planning and implementation are two different things and I really found that in the field.

Mr. OBERSTAR. I fully agree with that, yes.

Mr. WHITTINGTON. So if you take a look at our office right now, we have more people with good field experience, top level at key jobs than we have ever had since I came to FAA and that is back in 1955. So I feel good about this that our staff that we have now and their expertise are just what you need to make the straightlining work. We have brought in—all of the executive directors came from the field. Our new associate administrator for air traffic was a regional director in Chicago. The associate administrator for aviation standards which includes security, Monte Belger, he is from the field. Ed Hurst, we go on and on.

I can remember as a regional director talking to my colleagues I would say, "There is not a single person in there that has even been to the field at a high level." So you have got to tie all of these things together. I just honestly feel very good that we are moving in the right direction. We have got the right people doing the jobs and bring on our leader.

Mr. OBERSTAR. Well, what I sense in your remarks is that the FAA really is working its way through this new organizational structure and that you are beginning to feel comfortable with it, and that change from that structure or reversion to the earlier mode would in itself carry some penalty.

Mr. WHITTINGTON. Absolutely.

Mr. OBERSTAR. In efficiency and effectiveness in operation

Let us move on for the moment to procurement. You have said that a senior procurement official has been established to speed up the procurement process. Given the complexity, the number of systems, I think we heard yesterday 90 air traffic associated systems

are in stages of acquisition or yet to be acquired, some even yet to be designed for the future, far more complex, as I pointed out Tuesday to GAO, than the DOD acquiring its B–1 Bomber. They were dealing with system, a complex system and very advanced. I believe that the FAA's result in putting the host computer system in place was far better result than the Air Force putting the B–1 bomber in place. I see a great deal of work ahead, a great deal of complexity in procurement and want to know just what is going to be role of this senior procurement official, and how will this centralization speed up the process.

But more importantly, I want you to just think for a moment of how can procurement be unfettered to work better for the FAA?

I have made the comparison and I think you have heard me say this in other settings, that FAA is not GSA. FAA is not involved in buying desks and typewriter stands and carpeting, important as that function and as well as GSA does those things. These are far more complex systems than anything GSA buys and you ought not to be stuck with the same rules.

Mr. WHITTINGTON. Well, as I mentioned, we are looking at the legislation that we probably will bring up to make this stream lining occur.

Going back to our senior person in procurement, we are talking about a person for each activity that stays with that project, its team, and we need—we had to a lot of recruiting and we did get some very good people. There a lot of folks interested in coming into the FAA in the procurement area because it is a dynamic agency.

Mr. OBERSTAR. For example, does that mean that you have a team on the Advanced Automation System (AAS) for which the contract was just approved with IBM?

Mr. WHITTINGTON. Yes, we do, and that is our largest contract, but on other contracts we would ask that the program office have a person we can deal with directly, our procurement people, so that this team moves this project along as rapidly as they can.

Before—you do not have the people there working on several different projects and it may set aside. We do not do that now and we are sending our source evaluation board, those selected to work on that program, to special training. We want them to be experts in making these evaluations for us because, as you know, it is extremely important to evaluate things correctly, have a good appraisal system, and the way I see it, you can stream line without a lot of short cuts, certainly that is what we will try to do.

Mr. OBERSTAR. The GAO suggested reducing layers of approval for procurement of various systems both within the FAA and between the FAA and the Office of the Secretary and suggested that the Secretary level should not be involved in these procurement systems. These are not broad sweeping national policy decisions. The policy decision is whether to move ahead with an AAS. The procurement part of it ought to be just as stream lined and sharp penciled as possible to get the best value for the user fee dollar, the trust fund dollar, and make that dollar stretch as far as possible and get those systems in place as quickly as possible to accommodate what FAA recognizes as its greatest challenge in history, this explosion of growth in air traffic we are facing.

So comment on those observations, the layers of approval, relationship between FAA and OST and we will protect you from any retributions from the Office of the Secretary. [Laughter.]

Mr. WHITTINGTON. Well, let me say, I have good relationships with the people in OST. I also spent 3 and half years over there. So I understand what this review process is really all about and certainly in some cases there is value added depending on a particular issue.

We are working with the OST Assistant Secretary at the present time. We have set up a task force to address just the problem you are talking about. Sure, I think there are ways to cut out the darn coordination to the extent possible, not only there, but in our own agency too and by having top level people involved at the very start, whether we are talking rule making or procurement, you can move projects along a lot faster and you really need to do it. As you say, it is very dynamic and when you have a need, you ought to move along with the program.

Mr. OBERSTAR. GAO also suggested that contrary to other recommendations that it is not necessary and probably not even effective to have an office of procurement that looks only to procurement, that procurement, they are suggesting, should not be separated from operations. Those who have to use the systems ought to be involved in their procurement so that they have some both accountability and have some experience in what is needed and in its ultimate end use. How do you feel about that?

Mr. WHITTINGTON. Well, I agree with that. And I want to mention on procurements that most of our procurements are below the $150 million level and those are ones that we handle ourselves. So a lot of this stream lining and bringing the users into the procurement process are things that the FAA needs to focus on, and we are doing that and I think that our structure just allows us the ability to really key in on important issues like you are talking about.

Mr. OBERSTAR. The Secretary's task force suggested that modifications to OMB Circular A-109 process should be undertaken. What type of changes do you anticipate following upon that recommendation?

Mr. WHITTINGTON. What I would look at—what I am kind of looking at in A-109, and of course, we operate by the departmental order which implements A-109 which sets up a acquisition process, we are looking for probably more delegation of authority at a higher funding level, although most of our projects are below the $150 million. It kind of leads into all of the things we have been talking about on streamlining the process itself, and that is what our task force is addressing right now. And Secretary Skinner has made it very clear to his staff that the FAA ought to be doing as much of this as possible. He does not want involvement in projects where it is really not necessary, but at the same time, it is essential that the department maintain an overview, an appraisal of how well the modal administrations will operate.

That is the way I would address the A-109. We just need to get things moving faster that stay within the parameters of the A-109 when you are talking about major system acquisitions.

Mr. OBERSTAR. FAA has developed the Flight Plan for Training manual, the training initiatives management plan. It identifies problems. It recommends actions to be taken. What is being done to implement that plan?

Mr. WHITTINGTON. Well, we are very proud of that Flight Plan for Training. It is long over due and there has been a lot of work on it. It is moving along. We did create the office of the Director of Training and Higher Education and he is staffed out. We are working with, as I mentioned, on contracts for a better way for screening of our controllers. We have a request for over $40 million in our FY 1990 program. So we plan to move along as rapidly as possible on this.

We have a commitment now by all our operating entities to fully support this program. We really did not have that before, but all of our executives now recognize the importance of training and how human factors applies to performance. So a lot of work is being done in the human factors area. We have a plan now to match the person to that new equipment, the NAS Plan. We had not spent enough time on that. So all of the initiatives that are listed in the Flight Plan for Training are deemed high priority by all of our executive people and our field people too. It has been very well received. We have been out doing briefings and a great interest with our FAA employees on this particular program.

Mr. OBERSTAR. Well, it is a remarkable document because of the sweep of the document itself in reaching into virtually every area of training of personnel and for the vision that it has of the future and the needs and the demands on air traffic in this era of deregulation and the growth that is going to occur and that has occurred already in the last 10 years. But it is remarkable for another factor and that is, its admission, rare enough in those days for any Government agency, and very rare for FAA, admission of shortcomings and failures and failure to recognize problems, and that is the beginning of wisdom, and I see the beginnings of wisdom here in the training area. This is a splendid document.

Can it be carried out within this—are you really—do you feel that you have the authority to go ahead and implement these provisions without an administrator in place?

Mr. WHITTINGTON. Well, I—this program actually falls under my jurisdiction as an executive director. So as the Acting Administrator, I know it is going to move along. [Laughter.]

I cannot imagine any new administrator not really pushing this program. I know the Secretary personally is interested in it because he recognizes that, yes, we are behind the curve and we have got to move out fast. We just simply cannot get into a position where because of budgetary constraints and all you pull back on training. We see that happen with airlines that this sort of thing can happen. It is not going to happen to us, at least that is our commitment at the present time and, Mr. Chairman, I cannot see anybody putting that one on a detour.

Mr. OBERSTAR. Well, I certainly hope so. And you mentioned budget, that really was my next question. Do you have adequate funding to carry this out, and will the FAA be asking additional funds if such are needed to carry out this plan? It seems to me in some respect it is going to require additional funding.

Mr. WHITTINGTON. Our FY 1990 program, I feel that we are asking for the right amounts in all the categories. We do have our supplemental, as you know, for 1989. We need that very bad.

Mr. OBERSTAR. What you need for 1989 is $7 million for the pay demonstration program.

Mr. WHITTINGTON. And $40 million for the total program, part of that which is identified as a need to move this program along faster, and I hope that supplemental will be approved. If it is not, I still do not plan to—I will look for a different off set rather than training. It is just too important.

Mr. OBERSTAR. Well, I fully support that initiative and I have talked with the Secretary and have appealed to the Appropriations Committee to provide the full $7 million requested for the supplemental in fiscal 1989, and I testified before the Appropriations Committee in support of the full 40 plus million dollars for the next fiscal year. I think is absolutely critical for us to move on with this new and long over due initiative.

Mr. WHITTINGTON. Well, I do too, and in our FY 1989 supplemental, $10.7 million of that is for training.

Mr. OBERSTAR. Very good.

One last question, you are happy to hear that, I am sure, and that is, probably the most frequently voiced criticism of the FAA is both from within and from outside the agency is that it is reactive, not sufficiently prospective. All too often the FAA is simply responding to crisis and does not have internally the capability or has not nurtured the capability to look ahead and to anticipate problems and provide means for dealing with them before they become problems. What is your reaction to that?

Mr. WHITTINGTON. Well, I feel that the strategic planning that we are doing right now is practice. We are taking a look at what are the things we ought to be doing now and in the future. I agree. We probably have not done enough of that, keeping ahead of it. Although, the NAS Plan, I do think, is a plan that was well thought through. We were looking ahead at that time. That was 1981. As the system come on I think we will at least have the equipment and the people to meet these needs. There will always be happenings that occur that make you stop and say, "Well, we need to make a change here," but I think that is probably true in any business, and I am not sure that I agree that the criticism is really sound. Certainly there are things that need to be improved. A lot of things are going along pretty good though and the record in air transportation, to me, is very good.

Mr. OBERSTAR. What is the role in that respect of the forecasting conferences? I commend FAA for holding those. I was very honored to participate earlier this year in the forecasting conference. It seems to me that that is a good forum for being prospective for getting industry and agency views on the problems that are and that are likely to be, and how to deal with them.

What are the benefits, if you could cite just briefly, of the forecasting conferences for the operation of the FAA?

Mr. WHITTINGTON. Well, they are very useful for us because our planning standards of number of people, types of equipment are all based on forecast traffic and just getting together like we did at that conference, sharing our thoughts with industry, other interest-

ed parties, other countries and all, has got to be—make it a very useful program. So it is extremely important to us because all of our major programs are predicated on traffic demands and you get that through a forecast. And I think we have done a pretty good job in our forecasting efforts.

So you tie that sort of an activity with the planning conferences that we have with our new types of equipment, advisory committees that we work with on new technology and all, that is the way you can work out a very accurate program and certainly we are pursuing that.

Mr. OBERSTAR. I thank you very much, Mr. Whittington, and your associates who helped you prepare this presentation, and I greatly appreciate your being here.

Mr. Clinger, do you have any further comments?

Mr. CLINGER. A couple, Mr. Chairman.

Just to go back to the reforms that have been put in place, that is the restructuring with the straightlining and so forth, how long has that been in place at this point?

Mr. WHITTINGTON. July of last year.

Mr. CLINGER. Just since July of last year?

Mr. WHITTINGTON. Yes.

Mr. CLINGER. So we really do not have a long enough period to assess how effective it is going to be.

Mr. WHITTINGTON. That is very true. You probably need about a year and a half to really have a true assessment and during that period of time you can smooth out some curves that might exist and that is what we are doing.

I can recall back in the days when they went from centralized to decentralization, it probably took at least 2 years before everybody fully understood what their responsibilities were to be. It is going a lot faster than that on this particular case.

Mr. CLINGER. Well, I think I would agree with the Chairman that it would be a tragedy if we were to suddenly reverse gears, change and go towards some new approach until the thing has been really fairly tested.

Do you feel that you are achieving the kind of consistency from region to region that was the overall intent of the restructuring?

Mr. WHITTINGTON. I certainly do. And since he has been so quiet, I have one of the associates here with me who can give you his views on that, Tony Broderick.

Mr. CLINGER. Yes, Mr. Broderick.

Mr. BRODERICK. Well, Mr. Clinger, I think that we are beginning to see improvement. Like you have been discussing, it is not something that occurs overnight. We do have a clear chain of command now. That chain of command passes policy and guidance material down, which is really the guidance material and training is what was sorely lacking.

We are this year going to finish up, actually just a couple of months into 1990, with our handbooks completely rewriting inspector handbooks to provide the policy guidance to the field. The Flight Plan for Training includes major efforts in training for inspectors in the field. Those kinds of things have begun to see movement and improvement, but the complete change has not occurred. It cannot occur overnight, and we hope that with the increased

staffing that we have and a little bit of breathing room that we see in the coming years we will see major improvements in consistency and standardized application of rational policy in the next 2 or 3 years.

Mr. CLINGER. A couple of other questions. We had the gentleman representing the Federal Managers Association in here on Tuesday and he gave some rather somber testimony that morale was really going down dramatically, that there was a real sense of frustration out there in the field, and that it was approaching the kind of crisis proportions we had back in 1981.

I wonder if you would share that view or any part of it, and if there is problem, what would be the root causes of it?

Mr. WHITTINGTON. Well, I understand that he did say and those are friends of mine too, and I believe he did refer in his statement about the pay demo. What happens when people anticipate some change and then for some reason it does not occur. A lot of the reports I am getting in they say, "There goes FAA management again." Well, those types of things are very upsetting to our people. The other acts that come about, the one I am struggling with right now with our people, the ethics law that goes into effect on the 16th. We are losing some very top people and——

Mr. CLINGER. Because of the——

Mr. WHITTINGTON. Act really——

Mr. CLINGER. Back to the ethics law?

Mr. WHITTINGTON. It is really our very, very top people and I certainly do not know what that impact is going to be. That is what they are talking about in morale. Our attitudes survey that we had recently taken shows that we are making some positive movements in there. I signed the agreement last week with the—our controller union and we are on a—off to a terrific start. So I do not know. I am going to talk to the FMA, but I do think their concern is based more on some of these actions which are just a little bit out of my hands at the present time.

Mr. CLINGER. Well, that is interesting. I think that is the first allusion I have, the fact that the ethics law is having an impact on your work force and that you are going to be losing qualified people because of it.

Mr. WHITTINGTON. It is really going to have one.

Mr. CLINGER. Thank you very much, Mr. Chairman.

Mr. OBERSTAR. Yes, I am very greatly concerned myself about personnel leaving the agency and I think it was GAO that cited potential loss something like 60 percent of maintenance technicians are eligible, that does not mean that they are going to, but they are certainly eligible for retirement and perhaps some of those may just decide to get out a little ahead and beat the new law out the door.

Do you have concerns about that?

Mr. WHITTINGTON. Well, we certainly do and not only them, but, well, you know, the high technology we are dealing with in the NAS Plan and the AAS. To lose some of the leaders in programs like that at this time is really going to have a detrimental effect on those programs and we are really struggling with that right now.

Mr. OBERSTAR. And I really hate to see a loss of competent, qualified personnel and then have to see the agency rely on contracting

out to perform these duties because you lose flexibility, you lose direction, you lose control of over quality of work. It just is so much better to be able to perform that work and those roles in house.

Mr. WHITTINGTON. I agree.

Mr. OBERSTAR. One thing, would you supply for the record amplification on the statement on page 2 at the bottom, you are handling more air traffic than ever before? Provide for the record the percentage increase and the numbers—raw numbers of operations increase since deregulation in 1978, and since August 1981, one of the great benchmarks in FAA

Mr. WHITTINGTON. I certainly will.

Average daily operations for enroute traffic control centers for the requested time periods are as follows:

Date	Average daily operations	Percent increase
Fiscal year 1978	73,953	
July 1981	85,819	15.6
April 1989	99,387	15.8

Mr. OBERSTAR. And provide for the record also, the cumulative cost to date, if you can break it out, of the replacement of air traffic controllers.

Mr. WHITTINGTON. Yes, sir.

Cumulative cost data is not available for replacement of air traffic controllers.

Mr. OBERSTAR. Thank you.

Again, thank you very much for a very thorough presentation and your frank, candid responses to our questions.

Mr. WHITTINGTON. Thank you for the opportunity.

[Mr. Whittington's prepared statement follows:]

STATEMENT OF ROBERT E. WHITTINGTON, ACTING ADMINISTRATOR, FEDERAL AVIATION ADMINISTRATION, BEFORE THE HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION, SUBCOMMITTEE ON AVIATION, CONCERNING THE FAA'S ORGANIZATIONAL STRUCTURE. MAY 11, 1989.

Mr. Chairman and Members of the Subcommittee:

I welcome the opportunity to appear before the Subcommittee today to discuss with you the FAA's current organizational structure.

The perspective I bring today is that of a long-term FAA careerist who has worked in a number of positions both in the field and at headquarters. Over that time, I have seen a variety of different organizational approaches adopted within the agency, with differing results--sometimes as the product of the quality of the organizational concept, sometimes as the product of the management styles of the people involved. The FAA's recent organizational changes, which I will describe shortly, are still in the early stages of implementation. Although I believe these changes are working, I also believe it will take a longer range view to confirm that is the case, and clearly I would not want to prejudice today, in any way, the ability of the forthcoming FAA Administrator to make additional refinements should that prove needed in his judgment.

Before describing the FAA's current structure, I would like to briefly highlight for the new Subcommittee Members what the FAA's

primary functions are along with the environment in which the FAA operates.

The FAA was established in 1958 to bring together, for the first time, into one agency all civil aviation safety functions of the Federal Government. Over the intervening years, the FAA has assumed some additional responsibilities in response to a changing aviation environment--such as in the aircraft noise area--but, in general, the agency's primary functions have remained constant. In brief, the FAA is responsible for: operating the Nation's air traffic control system; overseeing the manufacture of aircraft; certificating pilots and other airmen; overseeing the safety of all facets of our air transportation system; certificating airports serving airlines; administering the airport improvement grant program; and performing civil aviation security functions to assist in the prevention of hijackings and terrorist acts against civil aviation. In order to fulfill these varied and significant responsibilities, the FAA develops and implements regulations, and performs surveillance and inspections of regulated parties to ensure compliance with those regulations.

Over the past decade, work in virtually all of the FAA's work activities has increased dramatically. We are handling more air traffic than ever before, and this Subcommittee is only too well aware of the increased activity we have seen in the aviation

security area. All indications are that the pace of air transportation expansion will continue in the future.

The FAA's total workforce is nearly 49,000 people. Our predominant occupational category is within the air traffic control field where we operate 22 air traffic control centers, more than 400 towers, and in excess of 200 flight service stations. We have nearly 16,500 air traffic controllers performing air traffic control work in the FAA. We employ over 2,000 aviation safety inspectors to perform surveillance of more than 220,000 general and commercial aviation aircraft and about 1.8 million certificated airmen ranging from pilots to mechanics to flight instructors. There are approximately 400 civil aviation security inspectors who perform domestic security functions and also are responsible for airport assessments wherever U.S. carriers operate in the world. In addition, we have a workforce of approximately 8,500 electronic technicians, engineers, and related personnel who perform work in the installation, certification, and maintenance of more than 23,200 air navigation facilities, including radar, precision landing aids, and communications equipment. We also employ 600 individuals in our research, engineering, and development functions. And, of course, we have a substantial workforce performing the full range of administrative functions needed to support these other activities--human resource management, payroll, budget, contracting, and the like.

Most of the FAA's employees are employed at field facilities located in every corner of the United States, including a small number stationed at overseas locations. Many of these organizations operate on an around-the-clock basis. The basic organizational framework within which we operate includes a national headquarters here in Washington, nine regions in the United States and an office headquartered in Brussels, the Aeronautical Center in Oklahoma City (where we have our training facility, airmen and aircraft registry, medical research facility, and supply depot), and the Technical Center in Atlantic City (where much of our R&D testing occurs).

Beginning in the early 1960's, the FAA adopted a decentralized mode of operation where the Washington headquarters performed staff, policy, and technical guidance functions and the regional headquarters under the direction of a regional director managed the day to day operation of the FAA. Early last year, a review of FAA activities as part of a joint FAA-OST 45 day study confirmed that too much authority and decisionmaking had become dispersed throughout our field structure and too little central control was exercised. We heard repeatedly from the aviation community that the FAA's approach to issues varied too much from one region of the country to another, that there was not one FAA but many separate FAA's.

In July 1988, the FAA initiated a move away from the strongly decentralized approach to management which had evolved over the

years. We adopted a much more centralized approach to management, which we refer to as "straightlining." Straightlining of reporting relationships was adopted as a response to this issue. Under straightlining, our field personnel in our major disciplines (air traffic control, flight standards, airway facilities, security, aviation medicine, aircraft certification, and legal counsel) now report to their Washington headquarters counterparts, whereas before the reporting relationship was to their regional director.

Our regional directors' functions changed at that time from direct line authority over regional functions to a different role of serving as the Administrator's personal representative within a region. The new title "regional administrator" suggests that enhanced role. Today, our regional administrators are the Administrator's representative to the aviation community in their respective regions. They are key players in facilitating resolution of sensitive or controversial issues which cross organizational boundaries within a region, and they maintain a close working relationship with senior managers in all regional organizations. Additionally, they exercise management control over the organizations performing administrative support functions within their regions.

While efforts were being made to achieve greater standardization

of agency actions throughout the country through straightlining, a significant change was implemented in our headquarters structure as well. The Administrator concluded that too many individuals reported directly to him, and that there was a greater need for strategic planning by agency top management personnel who were not involved in the details of day-to-day program management. To address these objectives, the Administrator established four new executive director positions: the Executive Director for Policy, Plans, and Resource Management; the Executive Director for Regulatory Standards and Compliance; the Executive Director for System Development; and the Executive Director for System Operations.

The four executive directors provide executive direction to the FAA's associate administrators who are involved in the day-to-day management of the agency's major programs. All major field organizations within the agency now report ultimately to one of the executive directors or to the Chief Counsel. I have attached to my prepared statement a current FAA organization chart to illustrate how our organization is structured.

In addition to efforts to improve the FAA's organizational structure, there have been a number of efforts to improve the FAA's ability to perform in a variety of key areas, including procurement, personnel, and rulemaking. In the procurement area,

for example, we received a delegation of authority from the Secretary to handle FAA procurements up to $150 million. Additionally, we identified the need for a significant increase in personnel to facilitate our contracting process, and are filling about 60 additional positions in this area. Further, we have established a senior procurement official as a point of contact in each major program office to improve the flow of communications and to speed up the procurement process. We have also established dedicated project teams at the FAA for major acquisitions to combine technical and acquisitions expertise together.

In the personnel area, we have implemented a process that streamlines the recruitment and hiring of air traffic controllers. In January, we published a revamping of our training processes in a new "Flight Plan for Training." We have proposed a demonstration project to attract controllers and safety personnel to hard-to-staff facilities at a variety of locations, and we are instituting a management intern program within the FAA to help bring future talent into the agency. We have been delegated authority by the Secretary to make personnel reassignments within the FAA below the Associate Administrator level without prior approval of OST.

With regard to rulemaking, we have closely examined the process which has too often moved too slowly. We have taken steps to

speed the process up by bringing principal parties together earlier on and more frequently so that issues can be resolved sooner rather than later. We established a central processing office for rulemakings to focus agency rulemaking in one location for timely reporting and processing. We have increased our communications with OST by providing alerts of major issues and briefings on significant agency rulemakings to facilitate the review process when our rules are transmitted to OST/OMB. And there is an FAA/OST working group, led by FAA, which is to complete a review of the rulemaking process and to make recommendations for further streamlining.

We have made progress, in concert with the Office of the Secretary, and will strive for more improvements in these areas. We have been working with Secretary Skinner and his staff to identify areas where OST can provide additional authority to the FAA through administrative action and where legislation may be needed to improve the FAA's ability to do its job. While a variety of steps have already been taken, we are confident that we can identify additional areas where further improvements can be made. We are also confident that Secretary Skinner is committed to granting the FAA whatever additional authority will bring about the highest levels of safety for the traveling public.

As we continue our efforts to improve upon our ability to fulfill our statutory missions, we will continue to assess how we are

operating in the context of our current organizational structure. In my view, as a result of straightlining, we have made progress in improving the quality of the policy guidance prepared and disseminated by Washington offices. We have also seen improvements in the uniformity and standardization of our actions nationwide. These are important dividends. But we need to evaluate how well our organizational structure is working over the long-term and to be prepared to make whatever refinements might be called for as the current FAA evolves into the future.

That completes my prepared statement, Mr. Chairman. I would be pleased to respond to any questions you may have at this time.

Mr. OBERSTAR. Our next witness is Edith Page, Project Director, Office of Technology Assessment.

Ms. Page, you can take your custom seat here. We have just kept it warm for you since last week. Hardly have you been absent from us.

TESTIMONY OF EDITH B. PAGE, PROJECT DIRECTOR, OFFICE OF TECHNOLOGY ASSESSMENT, CONGRESS OF THE UNITED STATES

Ms. PAGE. I am sorry. I missed you on Tuesday, Mr. Oberstar.

Mr. OBERSTAR. And we welcome you back.

Ms. PAGE. Thank you. It is always a pleasure.

With your permission, I will summarize my written statement and make a brief oral presentation.

Mr. OBERSTAR. Please do.

Your complete statement will be included in the record at this point.

Ms. PAGE. FAA's dual mandate requires it both to promote safety of flight and to foster the development of air commerce. When its effectiveness is measured against these standards, FAA gets high marks indeed.

Statistics tell us that U.S. had over 500 million air travelers in 1988, and the numbers are growing by about 10 percent annually.

Obviously, the public trusts the safety of the air system, and OTA's research shows that the trust is well founded. This nation's safety record is among the best in the world. FAA plays a lead role in the intricate and complex system responsible for that record.

Well, then we might ask, why are we here today? Because with FAA, as with most things, there is always room for improvement.

OTA, in its report to the Congress last year, identified the fact that rapid changes in industry, after economic deregulation, demanded equally rapid changes from FAA.

Like any large bureaucracy, including independent agencies like NASA, FAA adapts slowly and with difficulty to new situations.

Requirements to inspect more aircraft, control more commercial flights into once sleepy airports that suddenly became hubs, and to modernize air traffic control equipment came simultaneously with new administration policies to reduce Federal domestic agency budgets and personnel levels. Not surprisingly, FAA was unable to master these challenges.

We are all familiar with the ensuing Congressional and public discontent with the agency. There have been flaps over labor issues, delays in programs and procurements, even widely publicized disagreements between the Secretary of Transportation and the FAA Administrator and Congress.

It is not an exaggeration to say that over the last 5 years the agency has suffered a crisis of leadership. This year has brought a new Congress, a new Secretary of Transportation, and soon we hope a new Administrator.

Last year when I testified before this Subcommittee, I stated that the frustrations underlying proposals to restructure FAA stemmed from two main sources; administration policy and internal FAA management problems.

It seems likely that changes in administration policy already evident in many other areas may manifest themselves in matters affecting FAA as well. Moreover, the new Secretary of Transportation is one who is accustomed to managing a large multi-modal organization and has a publicly stated goal of making the entire department work. Thus, one of the sources of frustration may be much abated.

What of the second source, internal FAA management problems? Last year I identified many ways in which FAA organization and management were wanting and a long list of FAA functions that needed to be strengthened. These included inspector and control of personnel levels, air traffic control equipment and procedures, human factors research, analytic tools for research, training in all areas, and long range strategic planning.

Although many of these problems continue to need attention, much has changed at FAA since then. We have just been hearing from Mr. Whittington about the major reorganization that took place last summer. It did indeed centralize more authority in headquarters and reduce the number of people reporting to the administrator.

We have heard also about changes to training programs, planning activities, and management. A human factors expert has been hired, partly thanks to the efforts of this Subcommittee, and a structure established within FAA for coordinating human factors research across divisions.

An advisory committee has been named for FAA's research program, and a plan for research has been developed and reviewed by the aviation community. Small incentive programs to attract controllers to the facilities most in need have been initiated. We have also heard this morning that they are not adequate. And the major procurement effort for the advanced automation system was completed on time.

This is not to imply that the agency has turned completely around and is now problem free. Particulary in the realm of personnel, expertise, and training, continued vigorous Congressional oversight is needed.

Nonetheless, despite the fact that the agency does not have a confirmed administrator and thus remains without a top leader, progress is being made.

One of the senior officials at FAA said recently, "What we need most is a period of stability so that we can bring some of our new initiatives to fruition and see how the new organization works." I submit that there is merit in providing breathing space for the new top management at DOT and FAA to see whether they can continue improve the agency.

In the realm of public policy making, FAA is primarily a technical organization used to analyzing issues and taking logical action. Such strengths are essential for an agency responsible for a high technology activity like aviation. However, technical expertise itself does not always ensure sensitivity to public concerns which may have little basis in logic or technology, such as disagreements over ways to address airport noise or land use problems.

For example, Dave Davis, Executive Director of Massport and Logan Airport in Boston, began a presentation recently by saying,

"I have three problems, capacity, capacity and capacity. I am talking about runway capacity, terminal capacity, and ground access capacity." Massport is unusual in that it is served by highway, subway, and water ferry, and all of these transportation modes for access to the airport are working well and are heavily used.

Massport is thus an agency with multimodal concerns, but FAA's airport group is not known for its eagerness to deal with transportation issues other than those directly related to aviation.

OTA's current study of infrastructure problems clearly points to the need for a more systematic, strategic and multimodal approach to transportation in the near future.

DOT has already stated that developing such an approach is a high priority for this next year. The results of the studies and planning processes now underway in DOT could assist FAA in many ways. For example, ways to reduce traffic overloads at the busiest airports could require pricing changes, which might spell success or failure for some airlines.

Decisions of that sort pose serious policy questions related to economic equity and access to public facilities. These require debate and cooperative, deliberative decision making backed by sound technical analysis.

FAA can provide the technical analysis, but it is not an agency well suited to making public policy decisions on contentious and divisive issues.

Many in the aviation community have found DOT intrusive and overly political. Indeed, Mr. Chairman, I know that you also have felt that way on many occasions. But the fact is that many aviation related decisions are inherently political and the concerns of the general public are not always well represented by the technical expertise that is the necessary core of FAA.

As Congress considers ways to address these dilemmas, we should keep in mind that this is an agency that in recent years has undergone intense external criticism and extreme internal trauma.

Separating FAA from DOT right now would involve more major surgery and more wrenching change. The aftermath may show that the surgery has changed the institutional framework, but did not alter the fundamental problems of the agency.

It is possible with new leadership in both posts that good public management will result and the agency will once again flourish. It is a tribute to the institutional strengths inherent in FAA and I might add in the oversight procedures of Congress, which I think have helped the agency in recent years, that the agency has performed outstandingly when measured by the two fundamental parts of its mission.

Let us remember that management issues are among those most easy to complain about and most difficult to resolve, and that changes in leadership often have substantially more impact than changes in structure, especially in Government.

Thank you. I would be happy to answer to any questions.

Mr. OBERSTAR. Thank you very much. You certainly expressed a timeless wisdom in those last two sentences—or three sentences of yours.

It is easy to find fault in management areas and also difficult to find effects and that is what we are really trying to do. And I ap-

preciate your comments about the separation of FAA from the Department, and perhaps we will invite you back when we have hearings on the legislative process to—I mean on pending legislation to amplify those comments. It just may be that this is a time—there comes a time for radical surgery. Do it all at once, not piecemeal.

You quote on page 3 of your testimony a senior FAA official saying, "What we need most is a period of stability." Now I certainly agree with that and I pointed out at the outset of this hearing the turnover of administrators, and I appreciate the new Secretary. I think, as you point out, he is a person accustomed to running a large agency and he is involved with and has experience with inter and multimodalism.

But the Secretary of Transportation cannot be the Administrator of the FAA, no matter how qualified and capable and gifted and determined and desirous he may be at filling that role. When you are checking out oil spills in Alaska and overseeing the Federal Railway Administration and so many other functions, it is just not possible to run this huge and complex agency in the way that it should be run.

So I would like your comment on the question, focusing on stability, of fixed leadership in the FAA. How unique is it within departmental structures to have a sub-cabinet agency official appointed for a fixed term of years, and whether a fixed term of years would contribute to that stability to carry out long term plans and initiatives within that agency?

Ms. PAGE. As I am sure you know, it is not common to have sub-cabinet officers appointed to fixed terms. One of the major findings of OTA's safety study released last summer was that a stable longer term period for the administrator would do much to help the agency.

We did not establish a fixed period of time. We said somewhere between 3 to 5 years. One difficulty with the type of appointment position that a modal administrator holds, is that the person is subject to a tremendous amount of political pressure. The monetary rewards are not as great as many people could find in the private sector, and it is sometimes difficult to attract top level people to positions of that sort.

I would also point out that the average tenure of sub-cabinet officers is about 22 months across the Government, and FAA has done a little better than that actually in its administrators, if their average is closer to 3 years.

It is a difficult problem for all agencies, I believe, particularly because, as I pointed out in my testimony today, the person in that leadership role can make a tremendous difference in charting a course for the agency. We certainly saw that when Mr. McArtor came in. He set out with a number of initiatives to address problems that had reached really grave proportions in the agency, and he managed to accomplish quite a lot.

I would not—to hark to back to your remarks before you asked me the direct question about the tenure—I would not for a moment advocate that the Secretary of Transportation should run the FAA. I believe firmly that a modal administrator or an administrator of an agency is appointed because of his expertise and his ability to run that type of an agency. And if there is an appropriate relation-

ship between the occupants of the two positions, then there is no reason why they cannot work cooperatively together. I would remind you that the NAS Plan was conceived and implementation began with a Secretary of Transportation and an administrator who happened to work very well together and respected each other's capabilities.

Mr. OBERSTAR. Yes. Well, that is a very good example of the need for long term stability when you start talking about the NAS Plan. That is not something that you cook up overnight and lay on the table and you can walk away from. You need someone who can devote a long period of time to it, and not only initiation, but implementation of a scheme.

What is your sense of the restructuring? You addressed that relatively briefly in your prepared statement. The restructuring of the agency begun by Mr. McArtor that seems to be moving in the direction, at least in this member's standpoint, the direction that FAA needs, greater centralization, straightlining they call it, I call it centralized authority and decision making. It just seems to me that that is the direction this agency ought to be moving increasingly diminishing the disparate roles of the nine regional administrators and centralizing and creating thereby a greater uniformity and conformity of action at the national level.

Since this was one administrator's action and can be swept away by the next one, what is your impression of, first, the effectiveness of the organization, and, secondly, its durability?

Ms. PAGE. I think that the restructuring addressed some problems that badly needed addressing. I pulled out my testimony that I gave almost exactly a year ago before this Subcommittee, in which I laid out a great many of these issues. I said there are 22 people reporting to the administrator, and that is too many. They need to reduce that number. There is not consistency of application of regulations or standards across the country. That needs to be rectified.

The intent of this reorganization, I believe, was to heed the comments of Congress about the need for greater standardization and more centralization. OTA's report criticized them for that. The President of the Aviation Safety Commission criticized them for that.

I think that the reorganization does provide a framework for addressing exactly those problems that you have identified.

I was pleased to hear Mr. Whittington say that FAA has always been better at vertical integration than it has been at horizontal integration. I think that it—up until the straightlining there was not much of a framework for vertical integration, that is you had flight Standards here in headquarters, and you had all the separate flight Standards organizations out in the regions. There was not an opportunity for vertical integration and vertical policy direction from headquarters.

Now FAA has that centralization of authority, which, I believe, is important. What I do not see a major effort toward and it continues to concern me is more attention to that horizontal integration.

I said in my testimony today that a human factors expert has been hired. That is one person. They have established a structure for coordinating his activities across FAA, but I have looked at

other examples of those structures and they do not always work very well.

So I think that the vertical integration and the centralizing and standardizing is a long needed effort and I would suggest that the Committee might want to continue to pursue the horizontal integration aspect. That is one of the things you might want to follow up on as you continue your oversight of the new organization.

Mr. OBERSTAR. That is a very good suggestion and a very useful and thoughtful into the structural changes that are taking place and I appreciate those comments.

Human factors, of course, we have felt for quite some time are very, very critical within the FAA and, unfortunately, neglected. And I think that is a personnel problem, perhaps even more than a structural problem.

Air traffic controllers are moved from their positions of controlling traffic into supervisory and then first line supervisor and then ultimately some of them get to be regional administrators, regional directors, and then on upward. But those are not the best people in all cases to be managing others.

Ms. PAGE. Exactly.

Mr. OBERSTAR. Air traffic controllers are used to sitting at controls and ordering aircraft up and down and vectoring them in different directions, giving orders and having people carry them out. Those are not necessarily the best kind of people be managing other people.

Ms. PAGE. Absolutely. I have said the same thing many times myself. In fact, I always thought that "controller" was absolutely the right name for that activity because that is the point of view that they often retain as they move up through management ranks and that does not often lend itself to really good management.

Mr. OBERSTAR. It takes an extraordinary individual to overcome that mind set of giving orders and seeing them immediately carried out.

Ms. PAGE. That is right. And that is not good training technique. People have to be allowed to be trained and to work their way through their own problems with proper supervision, but if the controller who is doing the training leaps in and corrects too quickly, it does not process well in the training.

Mr. OBERSTAR. What is likely to be the effectiveness of the executive director organizational change at FAA? You have described it largely in terms of reducing the number of people reporting to the administrator and cited your observations of a year ago, and I concur that it is very difficult for an administrator to have that many people. You just do not have enough time in the day to see 22 different people.

But why is that executive director mode desirable?

Ms. PAGE. I must say that I asked that question myself a year ago when the plan was first unveiled and it is not totally clear even today that these are exactly the right ways to partition the activities of FAA. In fact, some of the research activities were split into two parts where they had been under one person, and OTA did not feel that that was the most productive way to approach the reorganization.

I think that whether these are the most appropriate ways to divide the major responsibilities at the FAA is something you and FAA would want to keep a continued eye on.

There are many, many different possible ways that any organization can be structured and one would hope that a good deal of thought went into the way these executive directorates were structured. I am not confident that that was the case and I suspect it was pretty hastily conceived. It may be that there are some parts that do not work as well as they ought in the executive directorate that they now are in and might be moved around.

I do not think it makes too much difference what you call the people who sit in those positions. They can be associate administrators or assistant administrators and there is no reason that four is absolutely the right number. But it certainly is better than 22 and it makes a certain amount of sense to have the air traffic functions in one group. However, some of the other groupings make a little less sense.

I am not giving you a clear answer, but I am saying that it is something you would want to keep a continued eye on. It is better than it used to be.

Mr. OBERSTAR. Thank you. That is a very, very helpful and I fully concur and we most certainly shall keep a continued eye on that aspect.

The Chair recognizes the gentleman from Pennsylvania.

Mr. CLINGER. Thank you, Mr. Chairman.

In the beginning of your testimony you noted the two roles of FAA, one to promote aviation, and two, to ensure the safety of travel by air and noted that both have been successful. We have a very safe system, but also a tremendous increase to the point that they appear to be or could be at times inconsistent goals and that they might work against each other in the promotion of aviation, travel and so forth. You could be doing things that might be contrary to safety, and it was suggested that perhaps that the role should be split. Your view?

Ms. PAGE. In Safe Skies for Tomorrow, our report that we issued last summer, we did identify the fact that there is a tension between those two roles on occasion. And the way the agency is managed and administered and the way Congressional oversights points can indicate support for actions that would either emphasize safety or the promotion of aviation.

The example that we found during our research, and I did not include this in detail in the report or in testimony, was that there is a good deal of pressure in busy hubs during peak hours to keep those planes coming in very rapidly and the controllers feel that pressure. It is very much on them to avoid delays and it is at times like that that mistakes can occur.

A recent decision to reduce the number of flights per minute out of O'Hare, was made because of the kinds of controller errors that kept occurring, because they were under this pressure to keep pumping them in there. I think this was a wise move and was one that came down on the side of safety rather than on the promoting of economic well being because, of course, the airlines have a tremendous desire to just get those planes in and out as rapidly as possible.

It is not always the case that there is that tension, but it does occur sometimes and one of the findings of our report was to point out to the Congress that if they feel that safety is the more important of the two, since with economic deregulation airlines can do a great deal that they previously were unable to do about their own economic promotion, then it might be wise to make that clear.

Mr. CLINGER. From your observation, where there has been a potential conflict, the agency has opted on the side of safety?

Ms. PAGE. Eventually, but not always——

Mr. CLINGER. Not always initially?

Ms. PAGE. I think that some of the problems that have occurred over the past years have occurred because they were very slow to do that and that was one of the reasons that we said that if Congress wishes to have it perfectly clear that safety is the preeminent or the most important function, then that probably ought to be spelled out.

Mr. CLINGER. But would not necessarily require spinning off the promotion function from the FAA?

Ms. PAGE. Not necessarily. Not necessarily. All of the air traffic control functions in the airport improvement functions, after all, are fundamental to improving the economic well being of the aviation.

Mr. CLINGER. You referred to a study, on the need in the coming years to have greater intermodal cooperation and multimodal approaches and so forth.

Could you expand on that a little bit as to where you see us going in terms of intermodal cooperation?

Ms. PAGE. The study I referred to is the study that OTA—that I am now directing at OTA and that was actually requested by this Committee as well as the Senate Committee on Environment and Public Works.

We will not complete our study for another year. I was referring to our preliminary assessment and it is increasingly clear that the constraints on land availability, budgets at every level of Government, not just the national level, but at state and local levels as well, are meaning that we have to make our choices about transportation very much more carefully and more systematically than we used to.

Intermodal transportation is the way that industry has found its needs to be most productively and cost effectively met. They are moving to intermodal transportation very heavily with the trailer on flat car, air freight. All of the materials—most of the materials that are carried by rail or by air need to travel by truck to the final destination, which makes that interface between the highway and the system and the rail and air system and water as well—many of them are maritime containers—extremely important.

We have never in this country had a good systematic approach to transportation and it is high time for that to occur. I was very pleased that Secretary Skinner has taken that as a major initiative.

Mr. CLINGER. It would seem to me that making FAA independent of the Department of Transportation might make that objective more difficult. Do you concur?

Ms. PAGE. That is of course up to Congress to decide, but one of the reasons I used Dave Davis' remarks about capacity, capacity, capacity as an example is that I feel that the intermodal rivalries that have always existed despite the existence of DOT are no longer productive and that DOT is about the best hope we have for retaining a strategic approach to transportation.

Mr. CLINGER. Are we sort of behind the curve in this effort in terms of comparison with other countries?

Ms. PAGE. Yes, in a word. [Laughter.]

Mr. CLINGER. Who is sort of leading the charge?

Ms. PAGE. There are a number of European countries, to name a few, France, Germany, and England. Japan does a much better job than we do. They have always made an effort to coordinate ground transportation with air transportation. It has been interesting to me as we have been working on the infrastructure study to look at industry. When we were doing the air safety study, I found that if you look at what industry is doing, you can often see what Government needs to be doing as well because industry, since its focus is always right on how can we do this most cost effectively is going to look for the ways to do that. And industry's moves to intermodal transportation that have been marked over the past few years were one indication to me that this is someplace Government really needed to be looking.

And air freight is the fastest growing in terms of increase in volume of all the different modes.

Mr. CLINGER. That is certainly not unique. It seems to me that Government is often playing catch up with what the economic factors have dictated in the real world and we try to accommodate what has become obvious to everybody else.

Ms. PAGE. That is not necessarily bad.

Mr. CLINGER. No. I agree.

At Tuesday's hearing discussion focused on FAA's growing reliance on outside contractors providing the technical expertise for the implementation of a number of these new programs and equipment.

What are you views on the degree of FAA's dependence on outside contractors? Is that a problem? Should we be looking to retain more expertise in-house?

Ms. PAGE. Our research indicated that it was problem and that FAA has virtually no choice but to rely on outside contractors.

Mr. CLINGER. Because of lack of resources and funding?

Ms. PAGE. Exactly. Exactly.

Mr. Broderick was glancing through my testimony before the hearing began and he said, "My goodness, Edith, you say all the good people have left FAA." Well, not all the good people have left FAA, but a substantial number of technical experts have left FAA and again, I would say that this is not limited to FAA. The constraints on salaries that can be offered to Government officials are extreme, and technical expertise is very expensive to acquire and it takes long years of experience and education. The private sector recognizes that and they pay better than the public sector does.

Having said all of that, one of the findings of Safe Skies for Tomorrow was that this is a problem for FAA and that attention must be paid to it because you cannot have good internal oversight

of programs if you do not have enough technical expertise to know what your contractors are doing.

It is not that FAA should undertake all the research on its own.

Mr. CLINGER. But they ought to at least be able to monitor it with some degree of knowledge and expertise.

Ms. PAGE. Exactly, and that is a major concern. That is a major concern.

Mr. CLINGER. I think that is all I have for the moment, Mr. Chairman.

Mr. OBERSTAR. Thank you.

Ms. PAGE. You are welcome.

Mr. OBERSTAR. I just would like to make the observation, do not talk yourself into your last observation. [Laughter.]

That the private sector pays better, therefore, it is time to leave. We need people like you in Government.

Ms. PAGE. Thank you, Mr. Chairman.

Mr. OBERSTAR. And we yet will find a way to pay people adequately for public service in order to retain quality people in such positions.

I want to explore one other issue with you, and that is one that was raised at our Tuesday hearing, a suggestion that it might be possible, short of separation of FAA from the Department and restoring it to its independent agency status, of achieving a measure of autonomy within the Department.

Is it possible? And I say that against the background very obvious interjections by the Secretary going back to the days—just scarcely 6 months after the reorganization plan took effect and the Department of Transportation was created, the Secretary of Transportation discovered aviation in his backyard and thought this was just a wonderful thing to do and became involved in the operations of the agency and every Secretary since then has followed in those footsteps, of over involvement in day-to-day operations of the FAA, substituting non-technical public relations judgments for technical analysis by career professionals. The effect on the agency and on its policies has not been good. Now successive Secretaries will point to one or another's decisions and say, "Ah, now see here, if we had not pushed the FAA at this point, X result would not have come about." However, those little blips on the horizon aside I feel that this micro-management, this meddling in the internal affairs of the agency is overall not good.

And perhaps you can give some insights into, (a) the question of whether it is possible to achieve a degree of autonomy with perhaps a fixed term administrator, something similar to the St. Lawrence Seaway Administrator, who has a longer term than you have suggested earlier, and admittedly whose role is far less complex than that of running the FAA; and then drawing the line between political policy making and operational effectiveness of the agency.

Ms. PAGE. It is a very difficult balance and I devoted a good part of my testimony to saying that there is an inherent political aspect to many aviation decisions and that the technical expertise at FAA does not always lend itself to understanding of that.

I am not sure there is a single right answer to how do you achieve the right balance. I found the difficulties between the Secretary and the Administrator as distasteful as you over the past

few years. And it is not good for Government. It is not good for morale to have that kind of situation.

It is certainly true that aviation is seductive. A Secretary coming in who has not previously had the experience or familiarity with it cannot be blamed or cannot be faulted for being enchanted by this new opportunity. However, I think that a key thing is to structure somehow legislatively, if it is possible, a way to keep the FAA's ties to DOT sufficiently close and perhaps leave it within the agency so that you have some greater sensitivity from the policy side to those politics and can retain the intermodal approach that is necessary, I believe, I am convinced of it, for the future of this country. We must also give the administrator enough autonomy so he can make procurement decisions, I am thinking particularly of procurement decisions because I know of some where there was micro-management that just was not very productive in the long run, and other decisions that are much more appropriately related to the technical expertise of the agency.

Now Mr. Whittington spoke of the fact that they have had their procurement capability without review increased to $150 million. Perhaps a somewhat higher increase in that could be helpful.

The A-109 requirement, he pointed out correctly that they are subject to the departmental interpretation of that and we found—OTA found during its study that the departmental interpretation was somewhat more stringent than the Administration's intent and that that could be loosened.

Many of these are things that can be done without removing FAA from DOT and to a certain extent they can be done by the Secretary if he is sensitive to this.

My hope really is that with the new Secretary, whose expertise and interest are as publicly stated very much in line with what I think this Committee is interested in, and you, Mr. Chairman, and continued discussions between the Congress and the Secretary about the importance of carrying out his stated intentions, that good management might come about and we might be able to resolve this problem. It is quite possible that a close look at the legislative language where the FAA Administrator's position is described would lend itself to some revision that could give greater latitude to the Administrator.

I believe in my testimony of last year I did refer to the exact section and I can provide that to you if you would like me to.

Mr. OBERSTAR. Please do that. Think this through a little further and perhaps it would be possible for you to further refine the notion of autonomy and greater independence of action for the Administrator and in specific areas where such is necessary that are not policy matters.

I think it is important for any incoming administration to make its policy known and carry out that policy throughout the Government. That is vitally important. They were elected for a purpose, for a mission. That mission should be carried out.

I think probably fewer policy and appointed positions—now this is an Oberstar dictum, but fewer policy and appointed positions in Government are better and will give greater control than the nearly 7500 that now exist, some 700 of which have yet to be filled. It is just such an enormous job.

So I really think fewer and, therefore, fewer areas from discretion in the FAA would be better for that agency, and if you could help refine that thought, separate out those issues that are uniquely policy driven issues and ought to be kicked upstairs and have some Secretarial review, and those really ought not to be, like how many controllers should there be at O'Hare tower, surely a Secretary should not have to involve him or herself with that issue.

Ms. PAGE. Only insofar as it becomes a budgetary issue. One of the areas of difficulty has been that the FAA Administrator fought fiercely saying, "We need controller levels and inspector levels," particularly inspectors I remember were an issue and because the budget cuts at the departmental level were so severe, FAA had to take the cuts in that area, much against the wishes and technical judgment of the then Administrator.

The budget is where the crunch really comes and——

Mr. OBERSTAR. Well, that is true, but we deal in these broad functional categories and Function 400 is one that I have particular interest in, that is transportation. We set a broad number. We are dealing with two areas, discretionary spending and mandatory spending, that is the contract authority. And we set broad numbers and then it is up to the Appropriations Committee within those numbers to decide how to allocate.

Well, the same process can be applied within the agency. If its budget is going to be $7.6 billion, then it ought to be—and the Administrator is going to have to swallow that within the department and say, "Well, all right. We would like to have more, but we cannot. So now, how do we best allocate those resources?" Is that a public policy decision or is that one of technical judgment as to whether those resources belong more in air traffic control, or more in maintenance supervision, or more in training, or more in research and development?

Ms. PAGE. It should be the Administrator's decision.

Mr. OBERSTAR. Yes. Thank you.

Ms. PAGE. I firmly believe that.

Mr. OBERSTAR. Thank you. I appreciate very much your thoughtful contribution and insights into this agency, how it is structured, how it best ought to run, and how it ought to relate with the department.

And I gather you feel that this reorganization plan is in the right direction?

Ms. PAGE. I do.

Mr. OBERSTAR. That it is in some degree of implementation, that the bureaucracy of the FAA feels comfortable with this plan, is willing to implement rather than frustrate it?

Ms. PAGE. I believe so. I have not—we have not paid field visits since we completed the study and since the reorganization was undertaken. There is no substitute for such visits in determining what the field managers' views are.

From an organizational standpoint though, the people in headquarters certainly feel that it has given them long needed authority, and I would concur with that. It shows promise, Mr. Chairman.

Mr. OBERSTAR. Well, that is good. We hope that you will be able to get out and take a look at sort of the field application of this organization plan before too long.

Ms. PAGE. All right.
Mr. OBERSTAR. Thank you very much.
[Ms. Page's prepared statement follows:]

HOW EFFECTIVE IS THE FAA?

STATEMENT OF EDITH B. PAGE
Project Director

Office of Technology Assessment
Congress of the United States

Testimony Before
Subcommittee on Aviation
Committee on Public Works and Transportation
U.S. House of Representatives

May 11, 1989

HOW EFFECTIVE IS THE FAA?

It is a pleasure to appear before the Subcommittee today to discuss the important issue of the effectiveness of the Federal Aviation Administration (FAA). Last July, OTA's report on aviation safety in a competitive environment – *Safe Skies for Tomorrow* – was released by the Committee on Public Works and Transportation. My testimony today will be based on that report, as well as on OTA's continuing work related to civil aviation.

FAA has a dual mandate: ". . . to promote safety of flight . . . in air commerce through standard setting. . ." and to carry out for the Secretary of Transportation his responsibility "to encourage and foster the development of air commerce."[1] One measure of the Agency's effectiveness is to see how well its performance has met its mandate; and when judged on this basis, FAA gets high marks. Let us take a look at some statistics. Over 500 million U.S. travelers used commercial air service in 1988; passenger ranks have grown by some 10 percent annually in recent years, and there is every reason to expect continued growth in air travel (see figure 1). These numbers testify to the public's trust in the safety of the air system – a trust that OTA concluded is well-founded. Our research showed that this Nation's safety record is among the best in the world (see figure 2), and FAA plays a lead role in the intricate and complex support system responsible for that record.

Why then, are we here today? Because, with FAA, as with any Agency that must undertake complicated technical and policy-related activities, there is always room for improvement. Moreover, over the past decade, tremendous and rapid changes in industry operations, stemming from economic deregulation, demanded equally rapid change from FAA. Like any large bureaucracy, FAA adapts slowly and with difficulty to new situations. Requirements to inspect far more aircraft (see

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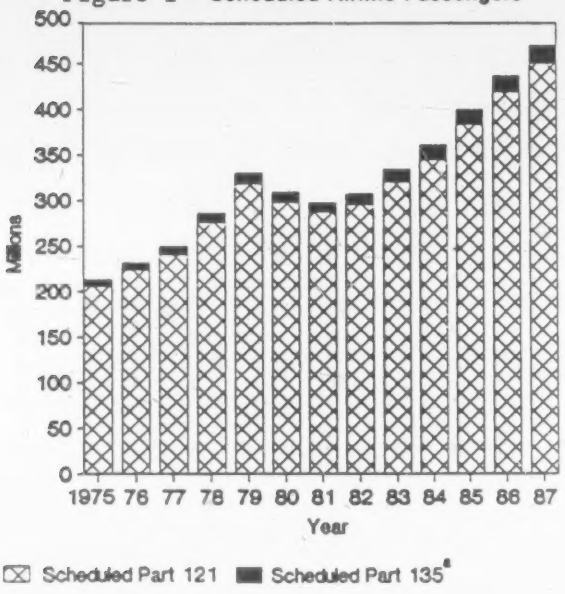
1. Public Law 85-726.

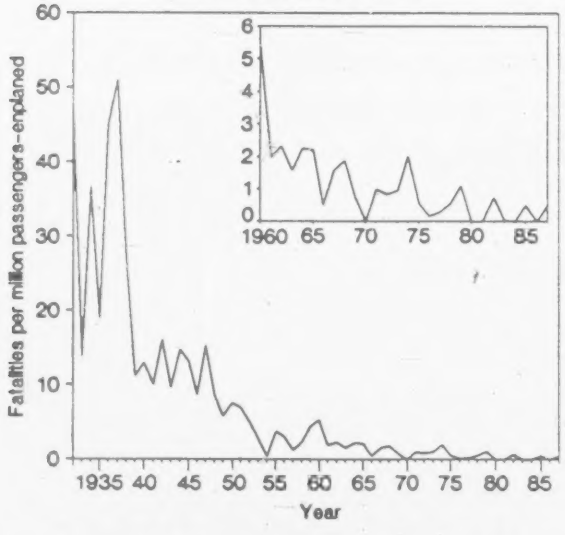
Figure 1 —Scheduled Airline Passengers



[a]Part 135 passenger counts estimated by the Office of Technology Assessment.
NOTE: Nonscheduled 121 and 135 carriers increase the total by about 3 percent for recent years.

SOURCE: Office of Technology Assessment based on Federal Aviation Administration and National Transportation Safety Board data.

Figure 2 —Passenger Fatality Rates for Part 121 Scheduled Airlines



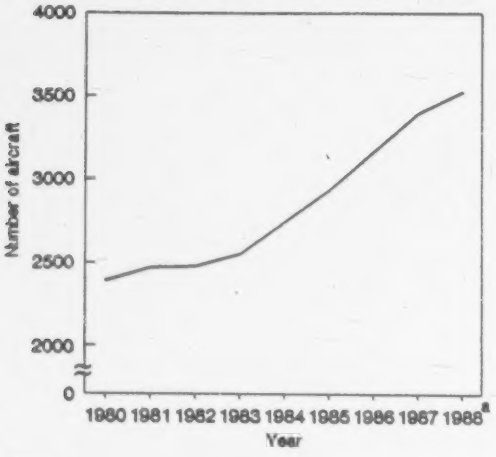
SOURCE: Office of Technology Assessment based on data compiled from the Civil Aeronautics Board, Federal Aviation Administration, and National Transportation Safety Board.

figure 3), control far more commercial flights into airports that suddenly became busy hubs (see figure 4), and modernize air traffic control equipment, came simultaneously with new Administration policies to reduce Federal domestic Agency budgets and personnel levels. Not surprisingly, FAA was unable to master the challenges posed by new industry procedures and its own dwindling resources. Congressional hearings aired public discontent with the Agency, as did newspaper stories, public flaps over delays in programs and procurements, studies by OTA and the Presidential Aviation Safety Commission, and finally, even widely known disagreements between the Secretary of Transportation and the FAA Administrator. For about the last five years, the agency has suffered a continuing crisis of leadership. This unfortunate and prolonged situation has engendered a variety of proposals to the last Congress about ways to restructure and reform the agency.

This year has brought a new Congress, a new Secretary of Transportation, and soon (we hope), a new Administrator. Last year, when I testified before this Subcommittee, I stated that the frustrations underlying proposals to reform FAA stemmed from two principal sources: Administration policy and internal FAA management problems. It seems likely that changes in Administration policy, already evident in many areas, may manifest themselves in matters affecting FAA as well. The new Secretary of Transportation is one who is accustomed to managing a large multimodal transportation organization and has a publicly stated goal of making the entire Department work. Thus, one of the sources of frustration may be much abated.

What of the second source -- internal FAA management problems? Last year, in my testimony, I identified many ways in which FAA organization and management were wanting and a long list of FAA functions that needed to be strengthened. Organizational and management problems included many that are characteristic of all Federal bureaucracies, regardless of whether they are part of a larger department or are independent agencies. Lack of autonomy over personnel and procurement processes and budget decisions, and an inability to adapt quickly to change are examples. These shortcomings slowed regulatory processes and procurement, and discouraged technical experts, who found more rewarding jobs in the private sector.

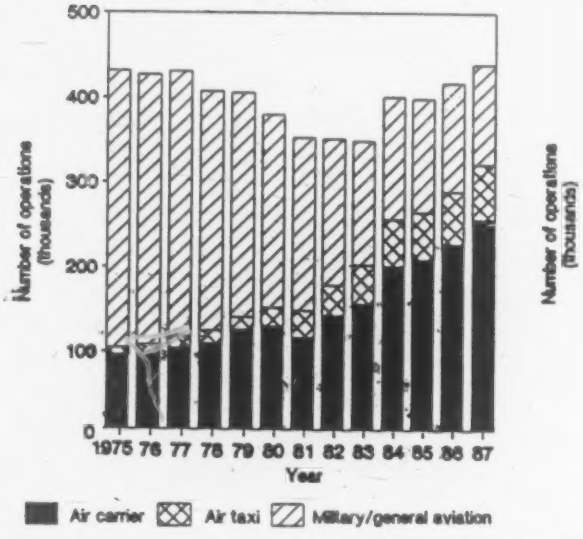
Figure 3—Large Aircraft in Commercial Service



aForecast.

SOURCE: Office of Technology Assessment based on Federal Aviation Administration forecasts, fiscal years 1988-1997.

Figure 4- Air Traffic Activity at Phoenix Sky Harbor



SOURCE: Office of Technology Assessment based on Federal Aviation Administration data.

Among the important specific functions that needed help were increasing the numbers of inspectors and air traffic personnel; making near term improvements to air traffic control equipment and procedures to cope with increased traffic and burdened airports; developing better analytic tools for managing airport and airspace demand; upgrading training in all areas; improving programs and systems for tracking and analyzing safety data; undertaking long-range system planning; developing flexible life-cycle planning tools for equipment and personnel to respond more quickly to changing demands; and developing programs in hazard and human factors analysis for new technologies.

Much has changed at FAA since then. A major reorganization in the summer of 1988 did centralize more authority in headquarters and reduce the number of people reporting directly to the Administrator. The four Executive Directors have begun to make changes to training programs, planning activities, data capabilities, and management. A human factors expert has been hired and a structure established for coordinating human factors research across divisions of FAA. An Advisory Committee has been named for FAA's research program, and a plan for research has been developed and reviewed by the aviation community. Small incentive programs to attract air traffic controllers to the facilities most in need of full performance level controllers have been initiated. The major procurement effort for the Advanced Automation System was completed on time, and the collision avoidance program is being carried out in a timely manner.

This is not to imply that these actions mean the agency has turned around. Many problems remain, particularly in the realm of personnel expertise and training, and continuing vigorous Congressional oversight is imperative. Nonetheless, despite the fact that the Agency does not have a confirmed Administrator and thus is still without strong internal top leadership, progress is being made.

One of the senior officials at FAA said: "What we need most is a period of stability, so we can bring some of our new initiatives to fruition and see how the new organization works." There is merit in providing breathing space for the new top management at the Department of Transportation (DOT) and FAA to see whether they can continue to push forward in improving internal FAA management.

FAA AND PUBLIC POLICYMAKING

FAA is primarily a technical organization, used to confronting issues analytically and taking logical action. Such strengths are essential for an Agency responsible for an activity like aviation, which is dependent on high technology. However, technical expertise does not always ensure sensitivity to public concerns that often have little basis in logic or technology -- such as disagreements over ways to address airport noise or land use problems. Furthermore, aviation experts often do not have full appreciation for aviation-related problems in other fields. These factors speak to the importance of ensuring a strong public policy orientation at the top -- aviation decisions affect a host of other public activities and concerns.

For example, David Davis, Executive Director of Massport and Logan Airport in Boston, began a presentation recently by saying: "I have three problems -- capacity, capacity, capacity -- I'm speaking of runway capacity, gate capacity, and ground access capacity." Massport is served by highway, subway, and water ferry, making it an agency with multimodal concerns. To cite another case, heavy origin and destination traffic and airspace congestion along the northeast air corridor make it interesting to consider a high speed rail alternative to air travel. Yet FAA's airport group is not known for its understanding or appreciation of transportation issues other than those directly related to aviation.

OTA's current study of infrastructure problems clearly points to the need for a more systematic and multimodal approach to transportation in the near future. The Department of Transportation has already stated that developing such an approach is a high priority for this next year, and the results of the studies and planning processes now under way in DOT could assist FAA in many ways. For example, traffic overloads at the busiest airports may require imposing surcharges or altering airline schedules and airport landing slots -- actions that directly affect airline profits and market share. Decisions about managing demand can spell success or failure for some small commuter airlines or large airlines in precarious financial condition. Such decisions thus pose serious

policy questions related to economic equity and access to public facilities. These require careful scrutiny, public debate, and cooperative, deliberate decisionmaking backed by sound technical analysis. FAA can provide the latter, but it is not an Agency well suited to making public policy decisions on contentious and divisive issues.

Developing intermodal cooperation and improving traffic management are two examples of the need for close interaction and mutual cooperation between DOT and FAA. Although many in the aviation community have found DOT intrusive and overly political, the fact is that many aviation-related decisions are inherently political, and the concerns of the general public are not well represented by the technical expertise that is the core of FAA.

As Congress considers ways to address dilemmas associated with FAA, let us remember that this is an Agency that has undergone intense external criticism, major internal trauma, and extreme self examination. Separating FAA from DOT would involve major surgery and more wrenching change. The aftermath may show that the surgery changed the institutional framework, but did not alter the fundamental problems. The NAS Plan, the most forward-looking FAA modernization plan and program in years, was conceived and established under a DOT Secretary and an FAA Administrator who were part of the same Administration that became identified as part of the problem in more recent years. It is possible, with new leadership in both posts, that good public management will result and the Agency will once again flourish. It is a tribute to the institutional strengths inherent in FAA that the Agency has performed outstandingly, when measured by the two fundamental parts of its mission. Let us remember that management issues are among those most easy to complain about and most difficult to resolve, and that changes in leadership generally have substantially more impact than changes in structure, especially in government.

Commercial aviation is an essential and rapidly expanding component of our national economy, and the United States has historically been committed to a high degree of safety for air commerce. OTA is pleased to have assisted Congress in identifying changes that can help ensure that Federal programs continue this commitment.

Mr. OBERSTAR. Our next witness is Mr. Mark Abramson, Executive Director of the Center for Excellence in Government.

TESTIMONY OF MARK A. ABRAMSON, EXECUTIVE DIRECTOR, THE CENTER FOR EXCELLENCE IN GOVERNMENT

Mr. ABRAMSON. Hello.

Mr. OBERSTAR. Welcome, Mr. Abramson. Glad to have you with us. We appreciate your participation at our hearing and look forward to your testimony.

Mr. ABRAMSON. It is good to be back here again. I spoke at the previous hearings of the Committee last June. I enjoyed my participation at that time and I am glad to be back.

I would like to quickly go over the thrust of my testimony last June, and then update it.

The thing that I was talking about when I testified before is my strong belief that we have to get away from thinking of the Government as a monolithic entity and begin to put our focus on an agency by agency perspective. The Federal Government really is too big to make changes all at one time.

The second things which grows out of that is that I have come now to believe that we have to view that each agency may require a slightly different pay scale to meet the unique needs of that agency.

While I now argue that the general schedule is still applicable to many agencies, it is not applicable to all agencies. I think that is a big difference in the mind set of many people, both in Congress and the Executive Branch. Because of that, I think we have to get to the point where we realize that each agency may require a unique solution and not a uniform solution across the Government in total.

Now after having said all of that as my major premises, the question is, what is new since last June when I testified before? There are two things I would like to highlight for you.

One is several new studies which have been done which do not particularly look at the FAA by itself, but look at employment trends for the entire country, and specifically for the Federal Government.

I would like to commend to you the Department of Labor study, Workforce 2000, and the Office of Personnel Management study, Civil Service 2000. On top of that we also have the recent reports of Paul Volcker's National Commission on Public Service.

The point of all of those studies is that government will be competing for a declining number of highly skilled people, which means that the public sector is going to have to compete with not only the private sector, but also the non-profit sector.

It is now, I find, remarkable that the non-profit sector, and I am talking about colleges and universities and hospitals, are paying better than the public sector. And I should say it is interesting to note that the public sector is now beginning to compete against itself.

You have Transportation Commissioners at the state level and the localities getting paid much more than the Secretary of Transportation. The public sector is now falling behind the public sector.

The second thing I would like to talk about and then spend some time talking to you and answering your questions is the forthcoming implementation of the Department of Transportation/FAA Demonstration Project. I think that is exactly the thing to do. I think they are going in exactly the right direction. I think it has really be a fault of the public sector that, the Federal Government has not done more demonstrations.

The FAA demonstration is designed to achieve two objectives; to attract a sufficient number of experienced, qualified employees to positions in hard to staff facilities; and, two, to retain experienced, qualified employees at these facilities.

That is exactly the right thing to do again as a start to begin to address some of these problems. I should say that I commend Department of Transportation and FAA for undertaking a demonstration. It is a hard thing to do. You have to talk to Congress about it. You have to put it in the Federal Register. It is a lot of hard work to design it and they have done that.

And now it is at crucial point—my understanding is that the implementation is about to go into effect on June 18th. But I also understand that Congress is having some second thoughts and I would like to put in my 2 cents—since you asked me to come here and put in my 2 cents—that I hope Congress will not change any of the provisions of the Demonstration Act and that goes back to a point you mentioned before, Mr. Chairman, about stability. The importance of stability—and I think that is a big problem in the public sector—is the lack of stability and that does have a bad impact on personnel you ask them to sign up for something and then the game changes. The rules of the game always seem to be changing.

And I would argue very strongly that you want to see the FAA demonstration go through as it is designed and not make any changes. It is very hard to resist the temptation, but if you start making changes, it is going to be hard to interpret the impact.

One of the changes I know that has been proposed is to go from a 20 percent retention to a 10 percent retention bonus. I would then say if you went to 10 percent, you would not know whether 10 percent was enough. It might not be enough. I think with 20 percent you have got a shot to see if that is going to make any impact.

So I would like to again urge Congress to try to provide as much stability in this one little demonstration project as you can, and that is true of the entire agency as well.

And just to make the point as strongly as I can, I was involved in looking at the implementation of the Civil Service Reform Act of 1978, which was a big reform and any of the problems in implementing CSRA was that Congress changed some of the rules about how many people could get bonuses and at the time it was very devastating to people in the senior executive service who had signed up under the premise that they would have a chance for a bonus and then Congress reduced the number.

And again, that is all in the past, but the point is that it had a big impact on people's attitudes and I think that was not constructive, and I fear the same thing might happen in the FAA demonstration.

I do not think that this FAA demonstration project is the be all and end all. It is one small experiment. It does not get to the issue of hiring and training and the issue of incentives and pay for people to assume managerial positions, but I think it is a start.

And my hope would be is that the FAA and the Department of Transportation would continue to experiment. And then I should say about Congress, after you have the results of the experiment, I hope that Congress will pay close attention to see whether the experiment ought to be made permanent.

And I think again, my feeling is that one does not need to create an independent agency to fix the personnel system of FAA. It can be done now and I think this demonstration project is a good example of what can be done within the existing system. I think that is one of the issues that you feel very strongly about—how much can be done to fix FAA within the existing institutions and the rules of the games now. And I think a lot can be done and I think in some ways it is a lot easier to take what is there and to push the existing authorities as far as you can go, because I think they can go very far.

An example is this demonstration authority which has been there since the 1978 Act, but a lot of agencies have not taken advantage of it.

So I think that Congress has to look at it, and, again, you do not have to make changes for the entire Department of Transportation. I think the principal of making agency specific changes is clearly relevant.

I would like to now just make two other comments based on the previous witness and some of your questions, Chairman Oberstar, about the stability of the FAA Administrator and fixed term.

I would like to say that I believe that even if you have a fixed term, there is no guarantee that people will stay for the entire fixed term. People could still leave within 2 years of a 4 year term or a 5 year term.

I think the big issue is pay. If you want to increase the stability of the senior executives, the senior political executives in Government, pay is the issue. I felt very badly that the pay recommendations of the Quadrennial Commission were not accepted by Congress.

I now think that Congress still has the issue of its own pay, the Judiciary, and the Executive Branch. I now am supportive of decoupling the Executive Branch and the Judiciary from Congress if that is what is going to take to get a pay raise for the Executive Branch and in your terms, for the Administrator of the FAA.

I think that FAA job is one of the most crucial jobs in Government. One of the projects of The Center for Excellence was called the Prune Book which selected the hundred toughest jobs in Government and FAA Administration was high on the list as you need the best people for that job. I think you have to compete with the private sector for people and I think a pay raise for the senior executive policy positions, both political and career, is essential and I think that that would go a long way to increasing the tenure.

I think the problem you have now is that—people from the private sector come into the public sector and after 2 years they have

to go into to their savings and their expenses increase. Some of them maintain two homes, much like a Congressman.

So I think if you are looking for stability, pay may be the answer for the executive level appointees and wherever I go now and whenever I see a Congressman, I put in my 2 cents for taking action now on the pay raise in this session of Congress, because I think you are going to see departures and I think this is a bigger issue than just the FAA.

Mr. OBERSTAR. At that point we are going to have to break in order to make that vote.

Keep preaching that message, but do not preach it in anticipation of decoupling of Congressional and Executive Branch pay. You have got to keep the two together or we will never get either one.

[Recess.]

Mr. OBERSTAR. The Subcommittee will resume its sitting. We unexpectedly had—in addition to the quorum call, we had a recorded vote, which the Chair was able to make and get back and we will try to without further delay allow Mr. Abramson to conclude his statement and then take our final panel.

Please proceed.

Mr. ABRAMSON. Sure.

I would like to continue on the subject of decoupling. That to me is only a backup position. I would hope that Congress would enact a pay raise for all three branches of Government. I firmly believe that the three branches are equal and I was one of the people who went on the radio talk shows supporting the pay raise and I said over and over again that the three branches are equal. So I fully support the pay raise, but if Congress has a problem with the pay issue for themselves, I do not want to see the Executive Branch and Judiciary be penalized.

That is the end of my prepared statement and I would be glad to answer any questions you have, Mr. Chairman.

Mr. OBERSTAR. Thank you very much.

I took very seriously your observation that the fixed term of years for an Administrator might not in and of itself be sufficient to hold a person in the Administrator's position and pay being a very—with your observation that pay is a very important, perhaps a dominant factor.

And I understand what you are saying and I take that seriously. However, the incentive of a fixed term of years has been very attractive to keep capable people as Administrator of the St. Lawrence Seaway, as Director of the FBI and as Comptroller General for the General Accounting Office, all of whom are subjected to the same pay problems as the Administrator of FAA.

And I think that some stability in that position is very important for the underlying functions of the agency and just knowing that people can if he or she chooses remain as Administrator of FAA for whatever that fixed term of years may be will in and of itself give a great deal of lift and morale to the agency people and aid greatly in continuity of programming and implementation of programming.

You observed I think very astutely on page 2 and the top of page 3, "While headquarters may intervene in specific situations, the

result of such intervention is likely to be an operating unit specific rather than a corporate wide change."

Do you apply that same concept to the DOT/FAA relationship?

Mr. ABRAMSON. I do. If there is a problem in FAA, they should fix the FAA problem and that may not be the same problem as in the National Highway Traffic Safety Administration.

So I think it is a very compatible structure that you have—the line agencies. I think they are all different and I think the FAA is unique and that they all have their different labor market economics.

So that is exactly right, Mr. Chairman. I was saying that you do not need a Department of Transportation change. I would not support a pay raise across the board or even the retention allowances for all of DOT. I think you need to fix the specific problem that you have within each of the agencies and realize each of the agencies are not the same.

Mr. OBERSTAR. In the matter of pay and giving greater flexibility, is it necessary in providing this wide band pay scale concept that FAA is hoping to experiment with, is it inevitable that pay will go up, that the overall price tag for the pay component of FAA will necessarily go up?

Mr. ABRAMSON. No, not necessarily.

Mr. OBERSTAR. Or is it sufficient to have greater mobility within a wider band of pay?

Mr. ABRAMSON. That is exactly right. I think it is really the flexibility you need because one of the issues I would like to also comment on is the ability to get people to manage and the ability to attract people to management.

One of the problems now is that if you want a pay raise you almost have to become a line manager and in some situations to take a GS-15 job even though you may not like to manage. The China Lake Experiment allowed people to stay in their band and get higher pay within the band without having to assume managerial responsibilities.

I support the concept of flexibility. It is also an issue that China Lake can hire somebody in the middle of a pay band depending on their qualifications. Say you want some flexibility in the job of traffic controller which starts at GS-9, but maybe somebody is very qualified and you would like to start them at the pay of a GS-10, but still have the GS-9 rank. If you had a pay band that included GS-9 and GS-10, you could start them in the middle.

So I think that is a good step that calls for more consideration.

Mr. OBERSTAR. It is helpful to have your observation there.

You have addressed yourself to the issue of the quality of people attracted to Government and the relationship of pay to quality of personnel.

I just wonder whether the FAA is doing enough to recruit top quality people to the agency. Are they out on the college campuses recruiting the college graduates, recruiting engineers, recruiting other people with unique skills that the agency needs, letting them know about the FAA and what its mission is and how they might fit into its future? If they are going to be building for the future, the college campus level, the vocational school level are where they need to be recruiting?

Are they doing that?

Mr. ABRAMSON. I do not know the answer to that, but I can say in general that I do believe that all Federal agencies are going to have to step up their recruitment and I would include FAA in that.

I think what you are going to see—and it is going to become a necessity—is that all agencies will have to try harder to hire people. The handwriting is on the wall, as I pointed out. With a declining number of people, more private companies and public agencies will be competing for the same work force.

I think it is inevitable that FAA and all the agencies will do more recruiting and I think they should. So I think my prediction would be that they all will end up doing that out of necessity.

Mr. OBERSTAR. Thank you. I understand that the FAA has, compared to other agencies, relatively few senior executive service positions.

Mr. ABRAMSON. Right.

Mr. OBERSTAR. NASA is one of the agencies cited as a comparison as a technically oriented agency and FAA pales in comparison in a number of SES positions.

Should there be more SES positions?

Mr. ABRAMSON. I haven't studied that in detail, but my instincts tell me they do. I did look at the number of SES members when I testified in June of 1988, and I was surprised at how low it was.

So I would say that based on my quick observation, they should have more. And again, I think this gets to your comments that there ought to be more incentives to assume managerial positions.

And one incentive is pay. So I think you need more of those positions and make them more prestigious within in the agencies.

So I would say that they are probably under represented for SES.

Mr. OBERSTAR. Thank you. Are there some examples of success stories in other Government agencies where pay systems have been made more flexible in order to encourage greater performance, greater retention of qualified personnel, and to attract greater expertise?

Mr. ABRAMSON. I think the biggest success story is the China Lake demonstrations, which is a naval facility in China Lake, California. It started out as a demonstration project the same way that FAA is doing a demonstration project.

And they have had very successful results and I suspect you could talk to them to send you some information. They have a lot of charts on their ability to retain and recruit people at much higher rates with the pay bands.

They are very pleased with their retention. They are also pleased at their ability to recruit higher quality people based on grade point averages.

So I would point to the China Lake experiment as a good example of where flexibility has made a difference in retention and recruitment.

Mr. OBERSTAR. Thank you. I very much appreciate your observations and your contribution to our hearing. You have been very very helpful.

Mr. ABRAMSON. I enjoyed speaking to you today.

Mr. OBERSTAR. Thank you for taking the time to be with us.
Mr. ABRAMSON. Sure.
Mr. OBERSTAR. Glad to have you.
[Mr. Abramson's prepared statement follows:]

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STATEMENT OF MARK A. ABRAMSON

EXECUTIVE DIRECTOR

THE CENTER FOR EXCELLENCE IN GOVERNMENT

BEFORE

SUBCOMMITTEE ON AVIATION

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

MAY 11, 1989

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STATEMENT OF MARK A. ABRAMSON

EXECUTIVE DIRECTOR

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BEFORE

SUBCOMMITTEE ON AVIATION

HOUSE COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

MAY 11, 1989

Mr. Chairman and Members of the Committee:

As Executive Director of The Center for Excellence in Government, it is my pleasure to once again appear before the Subcommittee on Aviation to discuss proposals to improve the effectiveness of the Federal Aviation Administration. Since my testimony in June 1988, there have been several important events regarding the FAA personnel system which I would like to discuss with you today.

As I mentioned in my previous testimony, The Center for Excellence in Government consists of over 400 former government executives who are now leaders in the business community. Since its founding in 1983, The Center has focused its attention on two sets of important issues: (1) the management of government; and (2) the importance of public service.

As in my previous testimony, my comments today will be limited to "personnel" related issues concerning the Federal Aviation Administration. I am not -- and do not pretend to be -- an aviation expert.

The thrust of my June 1988 testimony was threefold. First, I argued that we must shift from conceiving of government as a monolithic entity to be regulated by government-wide procedures to conceiving of the federal government as an organization consisting of a set of highly diverse agencies.

Second, we must acknowledge that different pay schedules may be necessary to meet unique employment situations throughout government. The current General Schedule (GS) pay scale may well be a dinosaur which has outlived its usefulness. Congress and the Executive Branch might have to learn to live with different pay scales and personnel systems throughout government which meet the specific needs of individual agencies.

Third, I argued that diversity, rather than uniformity, should become the rule of thumb for government in both its personnel systems and other systems as well. This is a lesson that the business community has learned. In running large corporations, diversity is now fostered in the management practices of operating units. While "headquarters" may intervene in specific situations, the results

of such an intervention is likely to be an operating unit specific change, rather than a corporate-wide change.

In my earlier testimony, I noted that much of the pessimism for solving agency personnel-related problems has stemmed from the presumption that either government-wide changes were the only solution to solving one agency's specific problems, or that agencies must be given "independent" status in order to change their personnel systems.

I continue to believe that if government performance is to significantly improve in the years ahead, we must move away from seeking government-wide solutions to developing and implementing agency-specific remedies. This will require a significant shift in the thinking of many. In many ways, the Federal Aviation Administration may be leading the way in showing how change can be made within the existing personnel system.

NEW DEVELOPMENTS SINCE 1988

An Increased Understanding of the Changing Federal Workforce

There has been much excellent work done in this area over the past year. I commend to you the Department of Labor Workforce 2000 report and the Office of Personnel Management Civil Service 2000 report. Through these two

studies, as well as the recently released work of the National Commission on the Public Service (chaired by Paul Volcker), we have gained substantial knowledge about the nation's changing workforce.

Between now and the year 2000, government will face severe competition from the private and non-profit sectors in recruiting and retaining highly skilled workers. In order to compete, government must quickly change the way it does business. Based on our increased understanding of our rapidly changing workforce, the question is no longer whether government will change, but how quickly it will change and respond to a changing national workforce. The Federal Aviation Administration will be subject to these same national trends.

Implementation of the DOT/FAA Personnel Demonstration

The development and forthcoming implementation of the Department of Transportation/Federal Aviation Administration Personnel Demonstration Project is a second significant occurrence since my last appearance before this committee. I feel strongly that the demonstration project moves us in exactly the right direction of testing new and alternative personnel systems to meet the special needs of a unique federal agency. Such demonstration efforts should be applauded. I only wish that more demonstration projects

were currently underway across government.

The DOT/FAA demonstration project has been designed to achieve two primary goals: (1) to attract a sufficient number of experienced, qualified employees to positions at selected hard-to-staff facilities; and (2) to retain experienced, qualified employees at these facilities. The demonstration project will provide quarterly retention allowances to participants to test whether such allowances have a significant impact on FAA's ability to retain and recruit highly qualified staff at these facilities.

I especially commend the Department of Transportation and the Federal Aviation Administration for entering hazardous waters in undertaking the demonstration project. There are three crucial steps in the life of any demonstration project which I would like to discuss with you.

First, a demonstration must be conceived, designed and receive approval within the executive branch of government. This step has been passed.

Second, the demonstration must implemented. It is my understanding that the FAA project is due to go into effect next month on June 18th. It also my understanding that there is currently some controversy in the legislative branch regarding several of the provisions of the demonstration project. I strongly recommend that Congress

not alter any of the provisions of the demonstration at this late date. I also recommend that Congress try not alter any of the provisions of the demonstration throughout the course of the demonstration. The demonstration must be given a fair trial. Any changes -- either now or at any point during the life the project -- will make it difficult to fully ascertain the results and the impact of the demonstration.

Let me further elaborate on why I strongly urge Congress not to tinker with or change any provisions of the demonstration project. Such changes do great harm to the credibility of the project in the eyes of the participants in the demonstration. Many individuals have signed-up for the demonstration project in a spirit of good will and some may even have moved to a hard-to-staff facility -- on the assumption that there would be the 20% retention allowance permitted in the project. At this late date, it would both unfair and counterproductive to change the rules of the demonstration.

In my previous position in the Department of Health and Human Services, I was involved in an evaluation of the impact of the Civil Service Reform Act of 1978 on the department. Specifically, I examined the implementation of the Senior Executive Service in HHS. You might recall that Congress changed several of the SES bonus provisions after

the bill was enacted and nearing implementation. Those changes had a major negative impact on employee attitudes toward the Act and in many ways, the Act never recovered from that set of early changes.

Finally, Congress must monitor demonstration projects closely and be prepared to implement the lessons learned from the demonstration. If the experiment is successful -- and a detailed evaluation component has been built into the DOT/FAA project -- it will clearly warrant examination as to whether the concept of retention allowances should be made a permanent part of the FAA personnel system and perhaps expanded.

If such a conclusion is warranted, Congress should not be reluctant to move to an agency-specific personnel system. It is interesting to note that the Federal Bureau of Investigation has also recently implemented retention type allowances. There are also a series of other demonstration projects now being developed across government.

ADDITIONAL CHANGES ALSO NEED TO BE EXAMINED FOR FAA

I do not believe nor do I mean to imply that the current FAA demonstration is the panacea for all of FAA's personnel related problems. The demonstration project is but a first step toward addressing some of the personnel problems facing FAA. The demonstration project is clearly

limited in nature -- it addresses only the issue of retention and recruitment at eleven FAA facilities. It does not address the overall pay issue nor issues involving the hiring or training of FAA personnel.

If anything, I would support the development of additional demonstration projects and additional proposals for change. We must continue to respond to specific problems by testing new methods and new procedures. As I have emphasized throughout my testimony, I applaud the attempt to work on specific problems facing specific agencies. The government is simply too large and too diverse to try to solve these problems by developing new systems which must be applied government-wide. I also believe that agency-specific problems can be solved within the existing system without creating additional independent agencies.

It has been a pleasure to once again appear before this committee. I would be glad to answer questions at this time.

THE CENTER FOR EXCELLENCE IN GOVERNMENT

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MARK A. ABRAMSON

Mark A. Abramson is Executive Director of The Center for Excellence in Government in Washington, D.C., a position he has held since 1983. The Center is a non-profit non-partisan organization dedicated the proposition that whatever government does, it should do it well. The Center currently consists of over 400 business leaders who once served as high level government officials.

Since helping to found The Center in 1983, Mr. Abramson has written extensively on issues related to the management of government and the importance of public service. He has testified before Congress on public management issues and spoken extensively to public managers across the United States. He is the co-editor (with Joseph S. Wholey and Christopher Bellavita) of **Performance and Credibility: Developing Excellence in Public and Nonprofit Organizations.** He was recently awarded the Elmer B. Staats Award for Accountability in Government by the National Capital Area Chapter of the American Society for Public Administration.

From 1977 to 1983, Mr. Abramson served as a Senior Program Evaluator in the Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services in Washington, D.C. While at HHS, he managed a four year evaluation study of the impact of the Civil Service Reform Act of 1978 on the Department of HHS. He also examined the implementation and impact of the Senior Executive Service throughout government.

Prior to joining HHS, Mr. Abramson served as a Research Associate on the Study Project on Social Research and Development at National Academy of Sciences in Washington, D.C. from 1975 to 1977. While at the National Academy, he wrote **The Federal Funding of Social Knowledge Production and Application.**

He has also served as Staff Associate at Bureau of Applied Social Research, Columbia University, a Teaching Assistant in the Department of Political Science at Syracuse University, and as a researcher on the Commission of Inquiry into the Black Panthers and Police. In 1968-69, Mr. Abramson served as a VISTA Volunteer in Chicago, Illinois.

Mr. Abramson holds a Master of Arts Degree in Political Science from the Maxwell School at Syracuse University and a Master of Arts Degree in History from New York University. Mr. Abramson received his Bachelor of Arts degree from Florida State University in 1968.

He is a member of the American Society for Public Administration (ASPA) and served as a Board Member of the National Capital Area Chapter from 1984 to 1985. He also chaired the Policy Issues Committee of National Capital Area Chapter.

In addition to ASPA, Mr. Abramson has also been active in the Evaluation Research Society, the Maxwell Alumni Association of Washington, D. C., the American Political Science Association, the Academy of Management, the Policy Studies Organization, the National Capital Area Political Science Association, and the Association for Public Policy Analysis and Management.

Mr. Abramson is married, the father of two children, and resides in Springfield, Virginia.

Mr. OBERSTAR. Our next witnesses are the representatives for the Partnership for Improved Air Travel. Mr. David Cordeau, President, Duluth, Minnesota Chamber of Commerce; and Mr. David Olive, Assistant General Counsel for the Donrey Media Group at Fort Smith, Arkansas.

TESTIMONY OF A PANEL CONSISTING OF MR. DAVID CORDEAU, PRESIDENT, DULUTH AREA (MINNESOTA) CHAMBER OF COMMERCE; AND MR. DAVID M. OLIVE, ASSISTANT GENERAL COUNSEL, DONREY MEDIA GROUP, FORT SMITH, ARKANSAS

TESTIMONY OF MR. CORDEAU

Mr. OBERSTAR. And Mr. Olive, you come very warmly and enthusiastically, I should say, recommended by the Senior Republican on the Full Public Works and Transportation Committee, Mr. Hammerschmidt, who had only the very highest regard for you, your work, and for the Donrey Media Group and wanted it noted for the record.

Mr. OLIVE. Thank you, Mr. Chairman.

Mr. OBERSTAR. He appreciates your contributions and your expertise.

Mr. OLIVE. We certainly feel the same way about his contribution to the people of Arkansas.

Mr. OBERSTAR. Well, that is nice to hear. We have the same regard for him on this committee.

Mr. Cordeau is a person very close to my heart, representing a very fine, outstanding Chamber of Commerce organization in Duluth, Minnesota, one who has brought to that organization, a very high degree of professionalism and expertise in economic development, in organization, and structure, and has achieved an extraordinary success, let me say for this committee hearing record, in bringing focus to the Duluth Chamber and to its work, and getting that Chamber involved successfully in a wide range of ventures that have advanced the economic standing of the City of Duluth and the surrounding area.

I am glad to see your involvement in the Partnership for Improved Air Travel.

Mr. CORDEAU. Thank you very much, Mr. Chairman.

Mr. OBERSTAR. Mr. Olive, would you proceed.

Mr. OLIVE. Mr. Chairman, I think Mr. Cordeau has planned to go first and I am sort of the clean up batter in this case.

Mr. OBERSTAR. He is the designated hitter?

Mr. OLIVE. Yes, he is.

Mr. OBERSTAR. All right. Please proceed, Mr. Cordeau.

Mr. CORDEAU. Mr. Chairman, I really appreciate this opportunity to testify before this panel on a subject of great importance to every American.

The American aviation system affects all of us whether or not we ever board an airplane.

I am President of the Duluth Area Chamber of Commerce in Minnesota. We, in northern Minnesota are acutely aware of the importance of aviation, both to transportation and to economic development.

In examining the critical issues, facing the Federal Aviation Administration, it must first and foremost be remembered that we all depend on safe, efficient aviation to get people and products to their intended destination.

For our communities and our cities, aviation is also a powerful economic engine. Aviation is a life-line for Duluth and thousands of other communities all across this country.

As you know, Mr. Chairman, we in Duluth are working hard to attract new business to our area. But without an efficient aviation system, our growth will be stunted.

It is very difficult to attract companies to relocate in an area if business people cannot fly at convenient times or without making time consuming connections.

While we desperately need more and better air service in Duluth, I realize that we live in an age where parochial interests are not nearly enough to sustain the kind of life our citizens have come to expect.

If our communities, and indeed our nation, are to compete in a global economy, aviation is going to have to lead the way.

Right now, I fear that our air transportation system is not up to the task, and we must correct the shortcomings in this system.

While I do not feel qualified to discuss the merits of whether the FAA should be independent or remain in the Department of Transportation, I do feel strongly that we must plan for increased traffic by continuing to add more air traffic controllers by installing critical equipment as quickly as possible to maintain the safety and efficiency of our system.

That means freeing the FAA from the Federal regulations that severely hamper its effectiveness and its ability to manage the country's air transportation system.

In addition, as we heard this morning, the average term of office for FAA administrators is less than 3 years. It seems to me that such a short tenure is not adequate to deal with all of the complex problems that face the agency.

Something needs to be done to retain qualified policy-makers from the top of the FAA on down. I would assume that in Government, as in business, procurement, personnel and policy making decisions are best made with appropriate, long range planning, secure funding, and seasoned personnel.

Mr. Chairman, I want to thank you again for this opportunity to share my perspective on the issue. If I may, I would also like to submit for the formal hearing record, a statement by the Chairman of the Partnership for Improved Air Travel, Mr. Herb Kelleher, and other pertinent documents.

Thank you and I will be glad to respond to your questions.

Mr. OBERSTAR. Without objection, that additional material will be included in the record at this point, following your testimony.

[Clerk was provided with two documents: Statement by Partnership Chairman Herb Kelleher; Partnership principles.]

Mr. CORDEAU. Thank you, Mr. Chairman.

Mr. OBERSTAR. Mr. Olive?

TESTIMONY OF MR. OLIVE

Mr. OLIVE. Mr. Chairman, I too am honored to be invited up here before this subcommittee. The company for whom I work, the Donrey Media Group, has business operations in 21 states.

My job calls for me to make very quick trips on short notice often across the country to handle emergency matters. I am dependent on a safe, reliable, and efficient aviation system to do my job.

And lately, it seems like I have been spending more of my time in airports or on airport taxiways waiting, and waiting, and waiting.

As a frequent flier, as I am sure the Chairman is well aware, this is very simply quite frustrating.

Mr. Chairman, I am not here merely to criticize, but there is an immediate problem which needs to be addressed quickly.

Yesterday, for example, my commuter flight from Fort Smith was 30 minutes late in landing. Frankly, I thought I was going to miss the connection because I only had 10 minutes to go from one side of the airport to the other.

But, luckily, the flight to Washington was also delayed. Why? The pilot told us that the FAA computer had gone down and that air traffic control was having to route planes manually on paper.

Thank goodness the weather was good.

I wish I could tell you that yesterday's experience was unique. Unfortunately, it is not. Last week I spent 6 hours in the Dallas/Fort Worth airport because flights were canceled or missed due to flow control restrictions following an early morning thunderstorm.

Rather than throw up my hands or blame the airlines, I became a member of the Partnership for Improved Air Travel. I am a victim of the tremendous lack of capacity in the aviation infrastructure and the inefficiency in the way the air traffic system is operating.

I said, "There has to be a better way," and found out that there were nearly 129,000 others who shared my belief by becoming members of the Partnership.

Along with the Coalition members who presented testimony this past Tuesday before this committee, the Partnership has been working to forge a consensus among all those concerned with the aviation system to increase the capacity of the air transportation system.

Now, our company, Donrey, has a couple of private business aircraft. And our company pilots tell me the problems they experience are very similar to those suffered by commercial airline travelers.

There seem to be too few people, too few runways at busy hub airports, and inadequate facilities to handle today's peak travel needs, much less the demands of growth in the air transportation system which are expected.

I believe Ms. Page said earlier this morning, approximately 10 percent per year growth. And while there may be a critical need for stability in leadership within the FAA, improvements in the air transportation system cannot and should not be permitted to stagnate.

Mr. Chairman, efficient and safe air transportation system benefits all Americans, not just those who depend on aviation to get someplace.

Our company's headquarters, for example, are in Nevada. I am very much aware that the hotel manager, the taxicab driver, the chef who cooks my breakfast, and even the busboys and hotel cleaning staff are dependent on my ability to fly into the city where they work.

I think it is time that we, as a nation, recognize that without an efficient, safe, reliable air transportation system, the entire economy will suffer.

That applies to major destination airports such as New York, Washington, Los Angeles or Chicago as well as the smaller spoke airports like the one that serves my hometown, Fort Smith, Arkansas.

The alternative, more delays, inadequate capacity, outmoded or non-functional airline routing technology raise serious economic and safety questions that I for one hope this committee will address before it is too late.

Mr. Chairman, once again, thank you for inviting us to appear and either I or David will attempt to answer any questions which you may have.

Mr. OBERSTAR. Thank you very much, Mr. Olive and Mr. Cordeau both. I think you have offered some very helpful insights into problems facing our air traffic system and aviation in general.

And you have underscored one very significant aspect of aviation, and that is its economic impact on the nation. Ninety-eight percent of all paid intercity travel is by air, and the number of voyages by air is continuing to grow. The only thing that I can say about that is the estimates will undoubtedly prove to be less than actual experience, as were our estimates for highway travel when the interstate highway system was conceived in 1956.

Travel vastly exceeded even those, at that time, very high or seemingly high estimates. And the same thing for our air travel.

So, one thing is certain, our estimates will be below actual experience. Another consequence of that certainty is that we may not be able to keep up with the growth in air travel unless we adjust our thinking.

And that is the purpose of these hearings, to provide for some adjusted thinking.

I sympathize, Mr. Olive, with your observation about spending more time in airports and on taxiways waiting and waiting.

But I am not going to shed any tears for you. This past weekend, it took seven air carriers for me to get from Washington, D.C. to a speaking engagement in the southern part of the United States to Milwaukee to Duluth and back to Washington.

A cable broke in one, on the door. Fortunately, it broke on the ground, not in the air. And other flights were canceled for one or another reason, others were delayed. A couple arrived early.

That did not make up for the 5 or 6 hours that I spent at one or another airport at different times over that 4 day period.

So, I sympathize with you. It is good business for airport restaurants, and ice cream shops, and popcorn stands, but it is not good for America.

Fixing the system is the purpose of these hearings. Let me go more specifically to the issue of a fixed term for the FAA administrator.

Does the Partnership have a position on a fixed term for the FAA administrator?

Mr. CORDEAU. Not to my knowledge, Mr. Chairman.

Mr. OBERSTAR. Well, I would like you to think about that because whether the agency remains within the Department of Transportation or whether it is moved out of the Department into an independent status, which it once enjoyed, the issue of a fixed term of service for the administrator, I think, is very important.

That leads to and touches on the issue of stability, capacity of the administrator to initiate and carry out long-term plans.

And you may have heard me refer earlier today to the 90 technical programs that the FAA must institute, some which are already are instituted. And carry out over the next decade and a half if we are to keep pace with air traffic and with the growth in air travel overall.

I appreciate your support for changes in procurement. We heard testimony on Tuesday from GAO that perhaps two aspects are needed.

One, changes in the way FAA does procurement, giving it more flexibility, but also adherence by FAA to some very clear management directives by OMB, the Office of Management and Budget, that would have helped them improve and more efficiently carry out their procurement.

So, there are two aspects of it.

You heard the testimony on pay. Certainly those of you from the private sector understand what it means to have flexibility to move the best people into the most demanding positions and reward them accordingly.

And I just want to ask whether you, having heard the testimony previously today supporting this pay demonstration project that FAA is undertaking and whether the Partnership would recommend broader changes in the overall pay structure of FAA?

Mr. OLIVE. Mr. Chairman, if I might attempt to address that. On behalf of the Partnership, let me thank the Chairman and the committee for conducting this inquiry.

We think it is long overdue and needed to be done and the Chairman has shown great leadership in bringing this issue to the forefront.

The Partnership recognizes that there are four major problem areas. First, the structure itself of the FAA, as the Chairman has mentioned; second, the personnel policy, and the ability to pay people properly to move into high density and very high cost of living areas.

Third, certainly the procurement policy, which the question addressed, and, fourth, the use of funding from the trust fund to get it out into use today to help alleviate some of the problems.

I personally do not know that the Partnership has focused on a specific solution to any of those problems. We think that this hearing is a move in the right direction.

At least we are talking about it and we are trying to identify what the problems are so we can come up with workable short-term and long-term solutions.

Whether that is a stream-lined procurement policy, whether it is in, you know, advancing demonstration projects, maybe even moving them up a little bit.

We suggest maybe it is left better to someone in an administrative area or an end-user of the airline transportation system.

I suggest, as you are well aware from your 7 hour delay, that something needs to be done. And while I recognize the need for "breathing space", I think was the word Ms. Page used this morning, for the new leadership, we cannot allow a whole lot of time before the system does begin to collapse.

We need to get forward with the program and we appreciate——

Mr. OBERSTAR. No, we certainly cannot afford much breathing space for a new administrator to come in and be familiarized and get an understanding of the agency and how it works.

That is colossally wasteful. That is why I really feel we need a fixed term for an administrator. I really do believe we need to take it out of the Department of Transportation and reestablish FAA as an independent agency, despite the arguments about Departmental clout at the cabinet table.

It seems to me NASA is able to get its budgets approved and increases where it needs them. And they are not represented at the cabinet table by anyone.

And having a secretary at the cabinet table surely did not do anything for us to get—well, it did one thing. It did include the funding for the Pay Demonstration Project in the Supplemental Appropriations Bill, but it did not persuade sufficient numbers of members of the Appropriations Committee to do anything further.

So, that old saw about having a cabinet secretary argue for you did not pay off.

The overall structure of FAA with Headquarters and the nine FAA regional offices or nine FAAs as they have been called in the past, is now being modified under an order of the previous administrator, Mr. McArtor.

And you heard some of the testimony this morning from FAA about structural changes that are happening.

From your experience in business, in business operations that are geographically far flung, what type of structure works best?

What type of relationship between headquarters and field operations works the best? What degree of flexibility is given to operational units apart from the headquarters to function?

Mr. OLIVE. Mr. Chairman, that is a very timely question. Certainly for our company, which is principally in the newspaper business, although we are certainly in other forms of communications and interrelated business, but currently, our company has only three layers from the President to the local manager to the person who is the user.

And we have, from time to time, experimented with others and put in mid-level administrators and managers. And we found out that that simply just balled up the system.

It had to sit on somebody else's desk for approval. And I think the comment of the FAA Acting Administrator this morning was

that it now takes a tremendous amount of time to go through the approval process of all the Governmental agencies.

It seems to me, whatever the structure is, it needs to be stream lined. And information that the Partnership has put together for David and I, suggested it may take as long as 18 to 24 months to get approval for a computer system that by the time you finally get the approval may well be out dated because of technological changes.

And it seems to me that we need to look at those issues, try to address them, and stream line them. Whether it is horizontally or vertically, I do not think we are in a position to say.

Mr. OBERSTAR. Mr. Cordeau.

Mr. CORDEAU. Let me add to that, Mr. Chairman, that no matter how far flung the administrative offices tend to be, no matter how diverse they are from region to region, there needs to be, in any administration like this, a common vision.

And that common vision for the present and the future of the FAA has to come from the top and it has to be consistent. We cannot have a change in that vision with every new administrator. We cannot have a change in that vision every 3 years.

The future and the goal setting has got to come from some type of consistent base.

Mr. OBERSTAR. And you cannot have regional offices making changes in basic policy set forth by the administrator, shifting resources from one place to another.

If you are going to have a national air traffic system, there has to be national policies followed across the country. To be sure, with some regional adjustments.

But those are matters that have to be cleared first with the Washington office so that all areas are in conformity with a perceived overall national operating plan.

You addressed yourself to one of the key issues in aviation today and for the future and that is capacity, capacity at our nations airports.

That, I just want to advise you, will be the subject of separate hearings by this subcommittee and a separate extended inquiry with a view to achieving solutions.

And I am not quite sure what those are. There are many options, many opportunities, many ways in which we are going to approach that issue.

But airport capacity for all the talk about options and the technology we are putting in to enhance capability of airports to accept more traffic, and the air traffic control system to process more aircraft, sooner or later we have to start pouring concrete.

Mr. OLIVE. We know.

Mr. OBERSTAR. We have got to back a Ready Mix truck up to the runways of this country and start pouring concrete, adding runways, adding system capacity or we may find one day that all those aircraft are up there in the skies and they may not be able to land.

Mr. OLIVE. Or, Mr. Chairman, my experience while I waited in Dallas last week of seeing 18 airplanes lined up ready to take off and just because of control restrictions, were unable to.

And when you are dependent, like I am, on a commuter airline being able to land in a destination city like a small town like Fort

Smith, it is extremely frustrating that it could be readily alleviated with another runway.

It seems to me, and that admittedly is not an expert's view, it is a layman's term, but I do not think I am the only one that has been in an airplane that is sitting for 30 and 45 minutes waiting to take off who has had that thought.

Mr. OBERSTAR. Well, we are going to need your help as we proceed along those lines to both identify the problem, define its dimensions, and work toward solutions.

One of which is taking the airport trust fund, aviation trust fund, off budget. And short of that, at least making sure that the money that is in that trust fund, that is the annual cash flow, is spent for the purposes for which people agreed to be taxed.

And that is another effort where we will look for a joint endeavor. We are going to proceed without delay toward those objectives.

And I want to thank you for the very fine and thoughtful testimony you provided for us.

The next phase of this hearing will be on the legislation that I have introduced to establish an independent FAA.

And when we do proceed with those hearings, we will hope that by that time the Partnership will have had time to think through those legislative questions and come back to us with further observations.

Mr. OLIVE. Mr. Chairman, we welcome the opportunity on behalf of the Partnership to do it. And thank you again for permitting us to be here.

Mr. OBERSTAR. Thank you very much. It has been a pleasure to have you.

Mr. CORDEAU. Thank you, Mr. Chairman.

[Mr. Olive's and Mr. Cordeau's prepared statements follow:]

PARTNERSHIP FOR IMPROVED AIR TRAVEL

STATEMENT BY
MR. DAVID CORDEAU
PRESIDENT, DULUTH CHAMBER OF COMMERCE
BEFORE THE AVIATION SUBCOMMITTEE OF THE
HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE
MAY 11, 1989

Mr. Chairman and Members of the Subcommittee:

Good morning. I appreciate this opportunity to testify before this panel on a subject of great importance to every American. The American aviation system affects all of us, whether or not we ever board an airplane.

I am the President of the Duluth Area Chamber of Commerce in Minnesota. We in northern Minnesota are acutely aware of the the importance of aviation, both to transportation and economic development.

In examining the critical issues facing the Federal Aviation Administration, it must be first and foremost remembered that we all depend on safe, efficient aviation to get people and products to their intended destination. For our communities and cities, aviation is also a powerful economic engine. Aviation is a lifeline for Duluth and thousands of other communities all across the country.

1850 M Street, N.W. Suite 900 Washington, D.C. 20036-5890 (202) 833-1527

As you know, Mr. Chairman, we in Duluth are working hard to attract new business to our area, but without an efficient aviation system, our growth will be stunted. It is very difficult to attract companies to relocate to our area if businessmen cannot fly at convenient times or without making time-consuming connections.

While we desperately need more and better air service in Duluth, I realize that we live in an age where parochial interests are not nearly enough to sustain the kind of life our citizens have come to expect. If our communities -- and indeed our nation -- are to compete in a global economy, aviation is going to have to lead the way. Right now, I fear that our air transportation system is not up to the task, and we must begin to correct the shortcomings of the system.

While I don't feel qualified to discuss the merits of whether the FAA should be independent or remain in the Department of Transportation, I do feel strongly that we must plan for increased traffic by continuing to add more air traffic controllers and installing critical equipment as quickly as possible to maintain the safety and efficiency of the system. That means freeing the FAA from the federal regulations that severely hamper its effectiveness and its ability to manage the country's air transportation system.

In addition, I understand that the average term of office for FAA Administrators is less than three years. It seems to me that such a short tenure is not adequate to deal with all of the complex problems that face the agency, and that something needs to be done to retain qualified policymakers from the top of the FAA on down. I would assume that in government, as in business, procurement, personnel and policymaking decisions are best made with appropriate long-range planning, secure funding and seasoned personnel.

Mr. Chairman, I want to thank you again for this opportunity to share my perspective on this issue. If I may, I would also like to submit for the formal hearing record a statement by the Chairman of the Partnership for Improved Travel, Mr. Herb Kelleher, and other pertinent documents. Thank you.

I will be glad to take your questions.

STATEMENT BY
MR. DAVID OLIVE
ASSISTANT GENERAL COUNSEL
DONREY MEDIA GROUP
BEFORE THE AVIATION SUBCOMMITTEE OF THE
HOUSE PUBLIC WORKS AND TRANSPORTATION COMMITTEE
MAY 11, 1989

Mr. Chairman and Members of the Subcommittee:

I am honored to be invited to testify before this Subcommittee. The company for whom I work, the Donrey Media Group, has business operations in 21 states. My job calls for me to make quick trips on short notice, often to handle emergency matters. I am dependent upon a safe and efficient aviation system to do my job. Lately, it seems that I have been spending more of my time in airports or on airport taxiways waiting and waiting. As a frequent flier this is, quite simply, very frustrating!

Yesterday my flight from Fort Smith to St. Louis was thirty minutes late in landing. Frankly I thought I would miss my connection since I only had ten minutes to travel from one side of the airport to the other. Fortunately the flight from St. Louis to Washington was also delayed. Why? The TWA pilot explained that the FAA computer had "gone down" and that air traffic control was having to route planes manually.

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I wish I could tell you that yesterday's experience was unique. Unfortunately, it is not. Last week I spent six hours in the Dallas airport because flights were canceled or missed due to flow control restrictions following an early morning thunderstorm.

Rather than throw up my hands or blame the airlines, I became a member of the Partnership for Improved Air Travel. I am a victim of the tremendous lack of capacity in the aviation infrastructure and the gross inefficiency in the way the air traffic system is operating. I said, "there has to be a better way," and found out that there were nearly 129,000 others who shared my beliefs by becoming members of the Partnership.

Along with the coalition members who presented testimony this past Tuesday, the Partnership has been working to forge a consensus among all those concerned with aviation system to increase the capacity of the air transportation system.

Our company has a couple of business aircraft. And our pilots tell me that the problems they experience are similar to those suffered by commercial airline travelers. There seems to be too few people, too few runways at busy airports and inadequate facilities to handle today's peak travel needs, much less the

demands of growth in the air transportation system which are predicted.

Mr. Chairman, an efficient and safe air transportation system benefits all Americans, not just those who depend on aviation to get them someplace. Aviation's economic benefits reach far beyond the airport gates. Our company's headquarters are in Nevada. I am very much aware that the hotel manager, the taxicab driver, the chef who cooks my breakfast and even the busboys and hotel cleaning staff are dependent upon my ability to fly into the city where they work.

It's time that we as a nation recognize that without an efficient and safe air transportation system, our entire economy will suffer. That applies to major destination airports such as New York, Washington, Los Angeles and Chicago as well as the smaller "spoke" airports such as that serving my home, Fort Smith, Arkansas. The alternative -- more delays, inadequate capacity, outmoded airline routing technology -- raise serious economic and safety questions that I for one, hope this Committee addresses before it is too late.

This concludes my formal remarks and I welcome the opportunity to attempt to answer any questions which you may have.

Mr. OBERSTAR. Subcommittee stands adjourned.

[Whereupon, at 1:47 p.m., the Subcommittee adjourned subject to the call of the Chair.]

ADDITION TO THE RECORD

7612 Alverstone Avenue
Los Angeles, California
90045
May 9, 1989

Subject: An Objectve Criticism of the FAA's Objectives

Mr. Sterlyn Carroll
U.S. House of Representatives
2251 Rayburn House Office Bldg.
Washington, D.C., 20515

Dear Mr. Carroll:

Just received notice of the Subcommittee on Aviation's meeting yesterday. Hence, cannot comply with testimony requirements. However, believing that there is something that is amiss with the way that the FAA has handled today's air traffic control problems, this letter is written.

For reasons known best to the FAA, that agency is resolved to stay with a totally ground-based form of air traffic control. Keep the pilots flying essentially blind, and have them remain dependent upon air traffic controllers for all traffic information. This attitude has prevailed ever since the FAA closed the door to private collision avoidance system designs in 1975. In place of something that could help pilots help themselves in dense traffic areas, the FAA spent 9 years and many dollars of taxpayer's money in developing their own collision avoidance system called BCAS. Finally, admitting that BCAS couldn't be made to operate reliably in dense traffic areas, it was revised and called TCAS. Here, another 5 years later, TCAS is purported to be a good collision avoidance system, yet it cannot be. For TCAS uses the same radio frequencies as do the ATC beacon systems. TCAS will interfere with ATC transponder communications (secondary surveillance radar), and the ATC transponder communications will interfere with TCAS operations in dense traffic areas. It is because of this known truth that TCAS is designed so that air traffic controllers can command all TCAS II, and TCAS III versions to standby (off) whenever a degradation in ATC communications is noted. Thus, in precisely those dense traffic areas where protection is needed the most, TCAS won't be left available.

While this is a shortcoming of TCAS that alone should warrant its abandonment, there is a worse problem. That is today's air traffic congestion problems existing at major airports throughout the world. Congestion largely due to the limitations in today's air traffic control system. Because the beacon system operates as a radar having poor range resolution, the controllers are required to keep an inordinately large amount of distance between aircraft so that the controllers can always see two close together displayed separately on their traffic display screeens. It is because of this limitation that takeoffs are spaced no closer than 2 minutes apart. Also why landings are 3 minutes apart. Simply by giving pilots their own on-board radar system, they could arrange to schedule operations into and out of existing runways much closer together. That is once a good radar was implemented, and supporting changes were made in the Instrument Flight Rules. With a good radar serving also as a collision avoidance system, takeoffs could be more like 40 seconds apart with safety, and still under the direction of controllers. Landings could safely be just one minute apart. Hence, the capability to almost triple today's capacity (once all needed gates were procured).

This more efficient usage of existing airport facilities could dramatically cut down on the number, times, and costs of flight delays. Could also reduce

the numbers of missed connections commercial passengers now suffer. What might a good radar be ? Simply the equivalent of a good TCAS. A good TCAS could be made today by just divorcing it from the ATC beacon frequencies. Give TCAS its own radio frequency, and use that frequency more efficiently than does either the ATCRBS, or the Mode-S beacon systems. This is saying that aviation today needs both a good data link like Mode-S, and also a fully working, and reliable TCAS. Today, both can be afforded, and provided.

In the past, the cost to mandate implementation of any kind of collision avoidance system in all aircraft was found to be objectionable. Today that is not so. Today, the air transport industry admits to losing $2 billion a year due to flight delay costs. A good TCAS, that could be used at dense traffic airports to expedite traffic flow, could cut those losses by more than half. In the course of just two years with a good TCAS fully implemented, the savings accruing would be more than enough to outfit all commercial and general aviation aircraft with at least basic hardware. Thus, if there were no other way, it would pay the air line companies to foot the whole bill for a good TCAS themselves, rather than continue to do without. Of course, another source for monies that could be used for subsidizing implementation of a good TCAS would be the uncommitted surplus now lying in the Airport and Airway Trust Fund. It would take less than 12% of those monies to equip all aircraft with something good.

You talk to the FAA, or members of the RTCA SC-147 and you will hear nothing but glowing reports of flight tests made by a number of air line companies with TCAS. Yes, those reports are good, and true, but not the least representative of the real world. All TCAS flight tests made to date have been made in environment where only two or three aircraft in any one area had an operating TCAS. Yes, with just a few operating, the present design will work fine. However, once all aircraft are equipped, the promised performance will not be there. It can't, and a little arithmetic will prove it. It would be like having all VHF radio communications take place on just one frequency. Or like citizen's band radio with just one channel. Just too many trying to use the common radio frequencies at the same time.

There is now released a MOPS for a general aviation version of TCAS called TCAS I. the basic TCAS I is no more than a carbon copy of the now abandoned active BCAS. It is a TCAS that uses only the ATCRBS beacon system instead of both the ATCRBS and the Mode-S. Because of this, there are three fatal faults. One is that those opting for TCAS I will find that their system will not give them any protection against aircraft equipped with TCAS II, TCAS III, or Mode-S transponders. They can only communicate with other TCAS I hardware, or Mode A/C transponders, and that is problemmatical at best. This brings up the second fault of TCAS I. Presently, all ATCRBS installations include only a bottom-mounted antenna. A study made by the Lincoln Laboratory staff in 1978 uncovered the fact that whenever communications between aircraft are attempted by way of bottom-mounted antennas, a serious interference problem arises. That is due to the fact that a signal arriving at a receiving aircraft will always be overlapped with a surface-reflected echo. An echo that could be even stronger than the directly received signal. Anytime a signal receiver is subjected to more than one signal at a time there will be destructive interference, or garbling. This always present characteristic will lead to an unacceptable number of false alarms being generated, and also many missed alarms. The problem is especially severe when aircraft are over water as water makes for a good signal reflector.

You buy a TCAS I today, and you'll get virtually no reliable protection at all. What's more, the ATCRBS is now being phased out. Your TCAS I is being obsoleted as it is made. This may be a deterrent to many, and well should be.

Yet look what happens if just 10% of general aviation flying in the Los Angeles basin area go for TCAS I. The TCAS I, unlike TCAS II, and III cannot be commanded off by controllers, and that's the third fault. The FAA has projected that there may be as many as 1105 aircraft simultaneously airborne in the LAX basin area. About 65% of these will be of the general aviation types (718). Hence, if only 10% go for TCAS I, that would place 72 aircraft operating in this area causing interference to TCAS II, and TCAS III equipment, and causing interference to the ATC transponder communications. If allowed to happen there would be no useful ATC communications, or TCAS communications. Utter chaos in the skies would result. How about a TCAS I for all GA aircraft ? Forget it, as its not possible with today's design.

When one becomes aware of these shortcoming of TCAS, there has to be a question coming to mind. Why would that agency of the federal government whose charter it is to help aviation do something that can only hurt in the long run ? There are some who say that it is because a good TCAS would dilute the need for the FAA's grandiose National Air Space Plan. No need to spend as much as $27 billion for updating and enlarging the ground-based air traffic control system, if airborne equipment could provide equal, or greater benefit. When you examine what the FAA now projects for their needs, you have to conclude that spending even $1 billion for airborne equipment, if need be, is fair when compared to what the ground expenditures are now projected to be.

So, as you examine what role the FAA is to play in advancing aviation in the future, please, if nothing else, take the FAA out of the avionic design business. Let the private sector do what the private sector does best. It is OK for the FAA to grade any submitted designs, but never should any government agency be allowed to monopolize product design over the private sector. If you find these allegations hard to believe, think about this. The FAA has been dallying with collision avoidance for over 15 years now and has only this faulty TCAS to show for the money, and time spent. The engineers of this country, working outside of the FAA, were able to place men on the moon, and bring them back safely a number of times, and that effort took only 7 years. Which, in your mind, is the more difficult technical feat ?

If you would like to see relief in air traffic congestion, better on-time performance from air lines, and reduced costs coming from more efficient enroute flying, then take the design of TCAS away from the FAA. It is this writer's opinion that the present design is doomed to utter failure. A failure that will not be fully noticed until there is almost a total committment made by all commercial air lines. If it can't be allowed to work at all times in airborne aircraft, then it certainly can't be used to expedite traffic, or provide dependable safety to anyone.

Just by modifying TCAS to operate on another frequency (no need to discard everything) there can be made a version of TCAS that can serve as a radar able to separately discern two aircraft when there ranges differ by just 40 feet. Today's SSR's require that a range difference of 1.7 nautical miles exist in order that controllers can see two aircraft separately on their screens. That difference can be attained, along with a communications reliability that can remain better than 98% in worst case traffic areas even when all aircraft are equipped and operating at full sensitivity. If anyone on the Aviation Sub-committee would like more information on how this may be done, this writer would be happy to spell it out in language that any layman can understand.

Thank you for your time, and I hope that this at least puts a little different perspective on how the work of the FAA may be viewed.

Respectfully, Ed Gunny

Edmond R. Gunny

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